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# Congressional Record.

## PROCEEDINGS AND DEBATES OF THE SIXTY-SIXTH CONGRESS SECOND SESSION.

### SENATE.

TUESDAY, May 25, 1920.

(Legislative day of Monday, May 24, 1920.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

#### ARMY APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13587) making appropriations for the support of the Army for the fiscal year ending June 30, 1921, and for other purposes.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Reading Clerk called the roll, and the following Senators answered to their names:

Ashurst	Jones, Wash.	Nelson	Smith, Md.
Ball	Kendrick	New	Smoot
Calder	Knox	Norris	Spencer
Capper	Lodge	Nugent	Swanson
Chamberlain	McCormick	Overman	Thomas
Comer	McCumber	Page	Underwood
Curtis	McLean	Pomerene	Wadsworth
Fernald	McNary	Ransdell	
Gay	Moses	Sheppard	

Mr. CURTIS. The Senator from New Hampshire [Mr. KEYES], the Senator from Maine [Mr. HALE], and the Senator from Florida [Mr. TRAMMELL] are absent on official business.

Mr. SPENCER. I announce that the junior Senator from Iowa [Mr. KENYON], the junior Senator from New Jersey [Mr. EDGE], and the senior Senator from Missouri [Mr. REED] are engaged in a committee hearing.

The VICE PRESIDENT. Thirty-four Senators have answered to the roll call. There is not a quorum present. The roll of absentees will be called.

The Reading Clerk called the names of the absent Senators, and Mr. FRELINGHUYSEN, Mr. JONES of New Mexico, Mr. McKELLAR, Mr. SMITH of South Carolina, Mr. STERLING, Mr. TOWNSEND, and Mr. WALSH of Montana answered to their names when called.

Mr. ROBINSON, Mr. FALL, Mr. WARREN, and Mr. HENDERSON entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-five Senators have answered to the roll call. There is not a quorum present.

Mr. McKELLAR. The Senator from Georgia [Mr. HARRIS], the Senator from Kentucky [Mr. BECKHAM], the Senator from North Carolina [Mr. SIMMONS], the Senator from Utah [Mr. KING], the Senator from California [Mr. PHELAN], the Senator from Florida [Mr. TRAMMELL], and the Senator from Massachusetts [Mr. WALSH] are absent on official business.

Mr. CURTIS. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the order of the Senate.

Mr. WATSON, Mr. LENBROT, Mr. HARRISON, Mr. GLASS, Mr. KELLOGG, Mr. SHERMAN, Mr. DIAL, Mr. CULBERSON, Mr. HARDING, and Mr. SMITH of Arizona entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-five Senators have answered to the roll call. There is a quorum present.

Mr. WADSWORTH. When the Senate took a recess yesterday we had under consideration the amendment on page 44, beginning with line 13, the item relative to Leon Springs Military Reservation in Texas.

Mr. OVERMAN. Will the Senator from New York yield to me, that I may withdraw a motion to reconsider?

Mr. WADSWORTH. Certainly.

#### PUBLIC BUILDING AT GASTONIA, N. C.

Mr. OVERMAN. A few days ago I entered a motion to reconsider the vote by which the bill (S. 4332) to exchange the present Federal building and site at Gastonia, N. C., for a

new site and building passed the Senate, and I asked that the bill be recalled from the House of Representatives. I now ask leave to withdraw the motion to reconsider, so that the bill may go forward to the House of Representatives.

The VICE PRESIDENT. Is there objection? The Chair hears none.

#### FINANCIAL POLICY.

The VICE PRESIDENT laid before the Senate a communication from the governor of the Federal Reserve Board, transmitting, in response to a resolution of the 17th instant, information relative to what steps the Federal Reserve Board purposes to take or to recommend to the member banks of the Federal Reserve System to meet the existing inflation of currency and credits and consequent high prices, etc., which was referred to the Committee on Banking and Currency and ordered to be printed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the bill (S. 4163) to incorporate the Roosevelt Memorial Association.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5416. An act to authorize corporations organized in the District of Columbia to change their names;

H. R. 8067. An act to establish standard weights and measures for the District of Columbia, to define the duties of the superintendent of weights, measures, and markets of the District of Columbia, and for other purposes;

H. R. 8535. An act to provide for the redistribution of general taxes and special assessments due and payable on real estate in the District of Columbia in cases of subdivision or sales of land therein;

H. R. 9036. An act to repeal and annul certain parts of the charter and lease granted and made to the Washington Market Co. by act of Congress entitled "An act to incorporate the Washington Market Company," approved May 20, 1870;

H. R. 10004. An act to authorize the widening of Georgia Avenue between Fairmont Street and Gresham Place NW.;

H. R. 11329. An act to provide for the sale by the Commissioners of the District of Columbia of certain land in the District of Columbia acquired for a school site, and for other purposes; and

H. R. 12887. An act establishing the liability of hotel proprietors and innkeepers in the District of Columbia.

#### PETITIONS AND MEMORIALS.

Mr. LODGE presented resolutions of the Near East Relief Philadelphia Committee, of Pennsylvania, in favor of the United States taking a mandate for Armenia, which were referred to the Committee on Foreign Relations.

Mr. TOWNSEND presented a petition of the city council and Chamber of Commerce of Sheboygan, Mich., praying for an increase in the salaries of postal employees, which was referred to the Committee on Post Offices and Post Roads.

#### REPORTS OF COMMITTEES.

Mr. McLEAN, from the Committee on Banking and Currency, to which was referred the bill (S. 4436) to amend the act approved December 23, 1913, known as the Federal reserve act, reported it without amendment and submitted a report (No. 632) thereon.

Mr. TRAMMELL, from the Committee on Claims, to which was referred the bill (H. R. 11030) for the relief of the Woodford Bank & Trust Co., of Versailles, Ky., reported it without amendment and submitted a report (No. 633) thereon.

Mr. THOMAS, from the Committee on Military Affairs, to which was referred the bill (S. 4324) for the relief of William C. Brown, reported it without amendment.

## BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 4440) providing for the allotment of lands within the Fort Belknap Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

By Mr. CALDER:

A bill (S. 4441) to authorize the purchase of site, preparation of plans and specifications, and construction of building for use as a foreign branch station for the post office at New York, N. Y.; to the Committee on Public Buildings and Grounds.

A bill (S. 4442) for the relief of Perley Morse & Co.; to the Committee on Claims.

By Mr. TOWNSEND:

A bill (S. 4443) for the relief of Morgan Miller; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 4444) for the relief of Claude L. Seiler; to the Committee on Claims.

By Mr. LODGE:

A bill (S. 4445) to provide for the transfer of the steamship *Martha Washington* to Cosulich Societa Triestina di Navigazione, an Italian corporation of Trieste, and directing the United States Shipping Board to make delivery of the said steamship and to determine, award, and pay just compensation for use of the said steamship; to the Committee on Foreign Relations.

By Mr. WALSH of Montana:

A joint resolution (S. J. Res. 204) to appropriate out of the funds of the Flathead Tribe of Indians the sum of \$10,000, or so much thereof as may be necessary to bring test suits in the United States court, district of Montana, to determine the right of the Government to issue patents in fee to members of the Flathead Tribe, and for other purposes; and

A joint resolution (S. J. Res. 205) to appropriate out of the funds of the Blackfeet Tribe of Indians the sum of \$10,000, or so much thereof as may be necessary to bring test suits in the United States court, district of Montana, to determine the right of the Government to issue patents in fee to members of the Blackfeet Tribe, and for other purposes; to the Committee on Indian Affairs.

## AMENDMENTS TO APPROPRIATION BILLS.

Mr. WARREN (for Mr. PHIPPS) submitted an amendment proposing to appropriate \$2,500 for the purchase, maintenance, operation, and repair of a motor-driven passenger-carrying vehicle for use of the superintendent and employees in connection with the general park work at the Rocky Mountain National Park, Colo., etc., intended to be proposed to the sundry civil appropriation bill, which was ordered to lie on the table and be printed.

He also (for Mr. PHIPPS) submitted an amendment proposing to appropriate \$1,000 for the purchase, maintenance, operation, and repair of motor cycles for use of the superintendent and employees in connection with general park work at the Rocky Mountain National Park, Colo., intended to be proposed to the sundry civil appropriation bill, which was ordered to lie on the table and be printed.

Mr. STERLING submitted an amendment proposing to appropriate \$487,500 for foremen draftsmen, architectural draftsmen, and apprentice draftsmen, etc., in the Supervising Architect's Office, Treasury Department, etc., intended to be proposed by him to the sundry civil appropriation bill, which was ordered to lie on the table and be printed.

Mr. McCUMBER submitted an amendment proposing to appropriate \$1,200 to pay Dennis M. Kerr for extra and expert services rendered the Committee on Pensions during the first and second sessions of the Sixty-sixth Congress, and \$1,200 to pay Robert W. Farrar for indexing and extra services as clerk to the Committee on Pensions, intended to be proposed by him to the general deficiency appropriation bill, which was referred to the Committee on Pensions and ordered to be printed.

## COMPENSATION OF EMPLOYEES.

Mr. DIAL. I wish to enter a motion to reconsider the vote by which the bill (H. R. 5726) to fix the compensation of certain employees of the United States was ordered to a third reading and passed.

The VICE PRESIDENT. The motion to reconsider will be entered.

## DIPLOMATIC AND CONSULAR APPROPRIATIONS—CONFERENCE REPORT.

Mr. LODGE. I submit the conference report on House bill 11960, the Diplomatic and Consular appropriation bill. It has

been formerly before the Senate, and, as the Senate is aware, one amendment the House voted down. It has now been adjusted so as to meet the objection of the House, and it is a unanimous report adopted by the conferees.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11960) making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 10, and 13.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 7, 8, 9, 11, 12, and 14, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by the Senate amendment insert "\$480,000"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed by the Senate amendment insert "\$900,000"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"For the purchase of an embassy building and grounds at Santiago, Chile, and for making necessary minor repairs and alterations in the building to put it into proper condition, \$130,000."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "The unexpended balance of the appropriation for the fiscal year ending June 30, 1920, is hereby made available for the fiscal year ending June 30, 1921, and for the objects and purposes designated by said act of appropriation"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

## "FEES FOR PASSPORTS AND VISÉS.

"SECTION 1. From and after the 1st day of July, 1920, there shall be collected and paid into the Treasury of the United States quarterly a fee of \$1 for executing each application for a passport and \$9 for each passport issued to a citizen or person owing allegiance to or entitled to the protection of the United States: *Provided*, That nothing herein contained shall be construed to limit the right of the Secretary of State by regulation to authorize the retention by State officials of the fee of \$1 for executing an application for a passport: *And provided further*, That no fee shall be collected for passports issued to officers or employees of the United States proceeding abroad in the discharge of their official duties, or to members of their immediate families, or to seamen, or to widows, children, parents, brothers, and sisters of American soldiers, sailors, or marines, buried abroad whose journey is undertaken for the purpose and with the intent of visiting the graves of such soldiers, sailors, or marines, which facts shall be made a part of the application for the passport.

"SEC. 2. From and after the 1st day of July, 1920, there shall be collected and paid into the Treasury of the United States quarterly a fee of \$1 for executing each application of an alien for a visé and \$9 for each visé of the passport of an alien: *Provided*, That no fee shall be collected from any officer of any foreign Government or members of his immediate family, its armed forces, or of any State, district, or municipality thereof, traveling to or through the United States, or of any soldiers coming within the terms of the public resolution approved October 19, 1918 (40 Stat. L., pt. 1, p. 1014).

"SEC. 3. The validity of a passport or visé shall be limited to two years, unless the Secretary of State shall by regulation limit the validity of such passport or visé to a shorter period.

"SEC. 4. Whenever the appropriate officer within the United States of any foreign country refuses to visé a passport issued by the United States, the Department of State is hereby author-



ized upon request in writing and the return of the unused passport within six months from the date of issue to refund to the person to whom the passport was issued the fees which have been paid to Federal officials, and the money for that purpose is hereby appropriated and directed to be paid upon the order of the Secretary of State.

"Sec. 5. Section 1 of the act approved March 2, 1907, entitled 'An act in reference to the expatriation of citizens and their protection abroad' (34 Stat. L., pt. 1, p. 1228), authorizing the Secretary of State to issue passports to certain persons not citizens of the United States is hereby repealed."

And the Senate agree to the same.

H. C. LODGE,  
W. E. BORAH,  
ATLEE POMERENE,  
*Managers on the part of the Senate.*  
STEPHEN G. PORTER,  
JOHN JACOB ROGERS,  
H. D. FLOOD,  
*Managers on the part of the House.*

Mr. KING. I should like to ask the chairman of the committee what disposition was made of the amendment in disagreement involving, as I understand, the payment of a certain amount for the issuing of passports.

Mr. LODGE. Nothing was done to change the fees. The fees remain the same. There was objection in the House. The objection was to the clause giving a consul the right to refuse a visé if on observation he thought the applicants were obnoxious to our immigration laws. The House objected to that provision. There was one other small point, the filing of a certificate as well as a visé. It is now a unanimous report. What the House objected to has been eliminated.

The report was agreed to.

GIFT OF J. PIERPONT MORGAN (H. DOC. NO. 793).

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, was referred to the Committee on Foreign Relations and ordered to be printed:

*To the Senate and House of Representatives:*

I transmit for your consideration a report from the Secretary of State announcing that Mr. J. Pierpont Morgan, of New York City, offers to the Government of the United States, as a gift to the Nation for use by the Ambassador of the United States in London as an official residence, the house property situated in that city known as Nos. 13 and 14 Prince's Gate, Hyde Park.

The attention of the Congress is invited to Mr. Morgan's statement that the house is now vacant and that consequently he would be glad to learn as soon as possible whether the Government of the United States will be disposed to accept his offer.

WOODROW WILSON.

(Inclosure: Report of the Secretary of State.)

THE WHITE HOUSE,  
May 25, 1920.

#### HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on the District of Columbia:

H. R. 8067. An act to establish standard weights and measures for the District of Columbia, to define the duties of the superintendent of weights, measures, and markets of the District of Columbia, and for other purposes;

H. R. 8535. An act to provide for the redistribution of general taxes and special assessments due and payable on real estate in the District of Columbia in cases of subdivision or sales of land thereon;

H. R. 10004. An act to authorize the widening of Georgia Avenue between Fairmont Street and Gresham Place NW.;

H. R. 11329. An act to provide for the sale by the Commissioners of the District of Columbia of certain land in the District of Columbia acquired for a school site, and for other purposes; and

H. R. 12887. An act establishing the liability of hotel proprietors and innkeepers in the District of Columbia.

The following bills were each read twice by their titles and referred to the Committee on Corporations Organized in the District of Columbia:

H. R. 5416. An act to authorize corporations organized in the District of Columbia to change their names; and

H. R. 9036. An act to repeal and annul certain parts of the charter and lease granted and made to the Washington Market Co. by act of Congress entitled "An act to incorporate the Washington Market Company," approved May 20, 1870.

#### ARMY APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13587) making appropriations for the support of the Army for the fiscal year ending June 30, 1921, and for other purposes.

The VICE PRESIDENT. The pending amendment will be stated.

The ASSISTANT SECRETARY. The next amendment passed over is on page 44, where the committee report to strike out the proviso beginning after the numerals "\$50,000," in line 13, in the following words:

*Provided*, That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$88,880 for the acquisition of land as an addition to the Leon Springs Military Reservation in Texas, heretofore authorized, and now in use as a target range for Camp Travis, Tex.

Mr. WADSWORTH. Mr. President, when the Senate had this amendment and somewhat similar amendments under consideration yesterday there were very few Senators present. So, perhaps, I am justified in very briefly describing the motives of the Committee on Military Affairs in striking out this language as it appears in the House bill and in taking the action which it has in respect to the other similar items in the bill.

Prior to the recent war it was not considered the proper function of the Committee on Military Affairs to handle appropriations looking toward permanent investments in land for the Government, whether that land was going to be used by the War Department or by some other department. Appropriations looking toward the purchase of land for the War Department and for all other departments were always handled by the Committee on Appropriations.

During the war, in the confusion and hurry, when a great mass of military legislation had to be put through with little delay and with still less consideration, the War Department, of course, was compelled to ask the Military Affairs Committee to combine all kinds of items together in one bill. So we found ourselves handling appropriations for the purchase of land for the War Department. That has also been going on since the war, incident to the great effort to straighten out the tangles in connection with land matters, for, of course, the war left us in a state of chaos with respect to these questions. The Military Affairs Committee during the last year, or certainly since the armistice, has endeavored to help out along this line; but the confusion caused by such a practice here in the Senate and in the Congress at large is most regrettable, for, while the Military Affairs Committee is handling appropriations for the purchase of land for the War Department the Appropriations Committee is doing the same thing, and is also handling appropriations for the purchase of land or the perfection of title to land for other departments. The result is that neither committee knows what the other is doing.

There has been grave complaint not only of the duplication of effort but of the confused condition which has resulted. As we stand here to-day there is no committee whose chairman or members can tell their colleagues in the Senate just what the proper program for the retention of these lands should be, how much should be purchased in the future, and how much that we now have on hand should be sold. So in the consideration of the pending bill the Senate Military Affairs Committee decided that we would do our best to have the old practice restored, namely, that only the Committee on Appropriations should handle items of this sort. We are convinced that unless we go back to that very healthy custom we shall never get the land question straightened out.

The Government is interested, Mr. President, in literally scores of pieces of land all over the country which it had acquired or had partly acquired during the war.

The Military Affairs Committee feels that it has gone as far as it should, and that in the interest of simplicity and a proper understanding by the Senate and the House of Representatives these problems should be handled by the committee that always did handle them before the war. So the Military Affairs Committee, believing that to be the proper practice, struck out of the House bill the land-purchase appropriations which had been adopted by the House, and in doing so urged Senators and Members of the House who were interested in them to take the particular items up with the Appropriations Committee and ascertain if that committee would be willing to consider them in connection with the sundry civil appropriation bill, where they belong.

Some of these projects are desirable; it may be said that one or two of them, perhaps, constitute emergencies, in that if the Government should act quickly it may save money. The great majority of them, in my humble judgment, may be postponed indefinitely for further consideration until we determine just how much of an establishment of a military character or a

naval character, or in connection with any other Governmental activity, we are going to have. None of the projects which the Military Affairs Committee struck out of the pending bill was deemed by a majority of the committee to be of such an emergent character as to warrant the committee in forcing them upon the attention of the Senate from our committee. We believe that the particular items which we struck out should go to the Appropriations Committee, and that if that committee did not immediately act upon them, either in the affirmative or in the negative, the Government in the meantime would, at least, be able to get along, and that incidentally the taxpayer would have a chance to catch his breath.

The Senate late upon yesterday afternoon, with only a few Senators present, overturned the judgment of the committee with respect to the purchase of Selfridge Field. That is a close question; many people think that item should be retained; others think it is not an emergency matter or, at least, not a matter of immediate emergency. Of course, the Senate is master of the situation, and can at any time refuse to follow the lead of the committee.

The question now before the Senate is the purchase of land at Leon Springs, in Texas, to complete a project which the War Department has had in mind. I think some options are involved. It may be wise to make the purchase now or it may be perfectly possible to postpone it for a while, but the hope of the Military Affairs Committee is that all these matters may be considered together. They can not all be considered together and as part of one great program unless they are all considered by one committee; and the one committee to do it is the Appropriations Committee.

That is the whole situation. If the Senate does not desire to go back to its old custom, which has prevailed with such advantage to the country, of course, it need not do so.

Mr. SHEPPARD. Mr. President, I agree thoroughly with what the Senator from New York has said, but I wish to call attention to the fact that unless the Government acts in this particular matter, and unless we embody in the pending bill a provision for the purchase of the additional land at the Leon Springs Military Reservation, the Government will be involved in a large financial loss.

A target range has been constructed and completed at a cost of \$70,000 on the land which it is proposed to buy. Unless this land is purchased by June 30 the option will expire and the land can not be purchased at all at the present price. A target range is a fundamental military necessity in the vicinity of Fort Sam Houston, which is one of the largest military posts in the country, and its position with reference to the Mexican border gives it added importance.

Furthermore, the Government will be under obligations to put the land in the shape in which it was when it was taken over, and this will cost as much as the present price of the land. So the Government will lose not only what it will cost to construct another target range—the War Department having stated that it will now cost \$120,000 to construct a similar range in some other locality near San Antonio and near Fort Sam Houston—but it will lose the amount that it will expend in restoring the land to the condition in which it was when it was taken over.

In addition to that, when it takes up the proposition of buying other lands for a target range, the Government will have to pay a larger price than that for which it can secure the land on which the range is now located. Failure to complete the purchase of the land on which this target range is now situated, therefore, will involve the Government in a loss of from \$130,000 to \$150,000.

It is only for such reasons that I have insisted that an exception be made in this instance to the committee's policy and that the action of the House in providing for this purchase in the Army appropriation bill be concurred in.

Therefore, with all due respect to the committee, of which I am a member, I trust that the Senate will disagree to the amendment reported by the committee.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. SHERMAN. Mr. President, nothing illustrates better the evil of a number of different agencies of this body recommending the appropriation of money than the instance cited by the Senator from New York. We find numerous committees of this body all of which assume to exercise and do exercise powers of recommending appropriations, and thus to a very large degree controlling public expenditures. It is a waste of breath and print paper to talk about a budget system when the spirit in this body is such that it will not rebuke on every opportune occasion the practice of making appropriations in this way. It

certainly is as good an illustration of an unwise method of appropriating money as could be cited. These different items which ought not to be permitted in this bill can at the appropriate time go to the Committee on Appropriations; that committee can consider, in connection with other items of like character, the propriety or impropriety of making such appropriations; but at this time to incorporate them in a general bill making appropriations for the support of the Army for the fiscal year ending June 30, 1921, and for other purposes, is a departure from sound business principles, whatever may have been the practice prevailing in this body in the past.

It is just such procedure as this, Mr. President, that has brought congressional methods of doing business into disrepute; it is such methods that have caused the very healthy demand for a reform in the method of appropriating money and have led to the urgent desire for a budget system under which estimates shall be submitted by the responsible heads of the departments or by the head of some one department acting for all of the executive departments; but it is the duty of this body, as well as of the other House, by parliamentary methods to limit the powers of their committees to make appropriations. When that is done it will be impossible for such slipshod methods to prevail as now obtain and for such improper items to creep into a bill as are now opposed by the Senator from New York.

Mr. President, if these items are permitted to remain with the same propriety, we could insist on the bonus bill being incorporated in this appropriation bill for the Military Establishment. Any Senator could, under the present practice, unless restrained by a sense of propriety, rise in his place here and annex the whole of that bill by way of amendment to this bill, and, if a majority of the Senators so voted, we would be helpless to prevent it.

In that connection, what the Senator from Colorado [Mr. THOMAS] said yesterday morning in regard to the bonus is very pertinent. In addition to his remarks, I wish to insert in the CONGRESSIONAL RECORD a telegram received by me, together with some comments, to illustrate the impropriety of and the bad business methods involved in inserting such appropriations as that.

The telegram is dated Chicago, May 20, 1920, and is addressed to me. It reads as follows:

LaGrange, Ill., Post 41, American Legion, demands your support to pass bonus bill recommended by our national headquarters. Particularly favor Morgan bill. Reply advising your stand on bill. Your attitude closely watched in this district.

I will now proceed to reply to LaGrange Post.

Mr. President, if the risk undertaken by any service man beyond seas under fire is to be compensated by money, there is not enough minted gold in the treasuries of the civilized Governments of the world to meet it. For one of my family, I would not for all the treasure that could be reached by the appropriations by Congress and the parliaments of the world put them out under the risks involved, if that were the basis on which compensation should be made. If, in a great emergency, my country requires the service of my family, myself, my neighbors, and my constituents, I will vote to the uttermost limit every life required for the service and defense of our country. That is patriotism; and in behalf of both the enlisted men and the drafted one who went into the service prompted by motives of that kind, solely to defend their country as patriots, I protest against the spirit of this telegram and the spirit of the bonus bill in its entirety as a mercenary degradation of an unsullied patriotism.

I reply to this post, therefore, that I am opposed to the bonus bill as a disgraceful deterioration of the patriotism of a great country, and of the thousands and hundreds of thousands of men who went into the service with no such motive.

The men whose good judgment I trust, in whose sincerity I believe, and whose support, either as a private citizen or elsewhere, I value, are those who oppose such a mercenary view of the patriotic sons of this Republic; and therefore I say, with all due respect to the gentlemen sending this telegram to me, that I will not support the bonus, and they can watch my conduct so long and as they see fit.

If the American Legion is inspired by no greater purpose than to loot the American Treasury it is an unworthy organization, and I could wish it were never created. I have met the perverted power of as great an organization as this in my own State and elsewhere. For 20 years I have refused to let the mere officials of the American Federation of Labor dictate to me my course upon public questions, and I will not permit the officers of the American Legion to do so. In the present crisis I will, according to the lights I have, protect the Treasury of my country, the taxpayers thereof, and the public welfare



as well. I trust these gentlemen will be satisfied with my explanation. If not, they can adopt such course as they see proper.

In that connection, Mr. President, before I conclude, I have in my hand two pictures taken from the Washington Star of Sunday, May 23, 1920. One is of a young gentleman in coat of fancy cut, with hair approved by the best barbers of the country. He wears riding boots, and below is this inscription:

Edsal Ford at Hot Springs, Va., for the spring months.

He is not a member of the American Legion, honorary or otherwise. He does not possess the qualifications making him eligible thereto.

On the other side is a new photograph of Sergt. Alvin York, from the hill country of Tennessee, a stalwart-looking American. Most of us saw him when he was in Washington, when he returned from the service. He has red blood. He offered his service in a great emergency. I have not heard his voice raised for any bonus. He is not at Hot Springs, Va., clothed in the latest style of wearing apparel, wearing riding boots, but he has citizens' clothes that anyone might wear in the commoner walks of life; and instead of enjoying a vacation during the spring months at Hot Springs, Va., he is now engaged in raising funds for religious work.

Here are two Americans, not of a kind. Look upon this picture—if I may paraphrase a well-known saying—and then upon this, and which one would the prophet say we ought to follow?

Of course I shall be immediately charged with having malevolent designs upon the Ford family. I only use him as a horrible example of what not to be; the other as an example of a 100 per cent American, in peace and in war, with the old-fashioned conscience which discriminates between right and wrong, between duty and neglect.

Therefore, Mr. President, in such matters as these that refer to the Military Establishment, this certainly is a good time to begin to cut off these items and send them where they belong, because eventually they relate to all these and a thousand and one other subjects that I shall comment on, I trust, in due time.

Mr. THOMAS. Mr. President, the response which the Senator from Illinois made to the telegram just read into the RECORD surprises no one who has watched his course as a Member of this body. The moral courage and fearlessness which has always characterized the Senator here, although frequently misdirected in my judgment, has been a great encouragement to me; and I am delighted that he occupies the same attitude regarding the proposed bonus raid upon the Treasury that I do. The fact stimulates me to a renewed opposition to that and similar measures designed in this time of stress and trial to secure revenues from an exhausted Public Treasury.

Of course, the Senator has received, as I have, a vast number of communications from members of the American Legion and from ex-service men, bitterly protesting against the consideration of the bonus. I quite agree that if the purpose of the legion is to loot the Treasury it would have been better for the soldiers and for the country if it had never been organized; but I indulge the hope that the outlines of its purpose as given to the public when it was organized were sincerely announced and will be religiously observed.

One of the most encouraging evidences supporting my confidence in the ultimate prevalence of this splendid program is a contribution by Richard H. Waldo, president of the City Club of New York Post of the American Legion, American Expeditionary Forces, and business manager of the Stars and Stripes, to the New York Times of last Sunday, whose argument is preceded by the assertion that most of the 5,000,000 ex-service people disapprove of the bonus. I ask permission to have this letter inserted in the RECORD as apropos of the telegram which the Senator has just read.

The VICE PRESIDENT. Without objection it is so ordered. The matter referred to is as follows:

BADNESS OF THE BONUS—AMERICAN LEGION OFFICER'S ARGUMENT THAT MOST OF FIVE MILLION EX-SERVICE PEOPLE DISAPPROVE.

(By Richard H. Waldo, president of the City Club of New York Post of the American Legion, A. E. F., business manager of the Stars and Stripes.)

One of the most amazing things about the American Legion is the position in which its 550,000 members find themselves placed with regard to the bonus. I am constantly meeting friends who say:

"This bonus plan is bad. It will saddle the country with an enormous debt, create an army of pensioners, and do vastly more harm than good. But, of course, you are a legion man and can't see it that way."

The trouble is I am a legion man and can see it that way. And there are thousands of others who feel exactly as I do about it.

The legion is divided; it is not united on the bonus question. The public is just beginning to realize that. For weeks it has been obliged to listen to the appeals of the probonus element until the impression has quite naturally gone forth that the ex-service men, as a body and

to a man, are for this \$500 or \$600 "hand-out" which it is now proposed Congress should vote to every man and woman who served during the war. Nothing could be further from the truth.

#### THE FIVE MILLION.

There are a whole lot of officers and men in the legion who don't want the bonus—don't want it for themselves and don't believe it is the thing that the majority of ex-service men would want if it were put up to them in the right light. Rabbi Wise has described the bonus legislation as a "disgrace" and an "insult to the youth of America." It would be if the youth of America, the men who did the fighting in the war, were asking for it. But no such thing has happened. The 5,000,000 men and women in whose name certain American Legion leaders are demanding passage of the bonus bill have never been consulted, never been given an opportunity to vote yes or no on the proposition. What the sentiments of these five millions are, therefore, is purely a matter of guesswork.

We do know that a considerable number are dead set against the bonus. In some cases they have gone so far as to register their disapproval in defiance of the legion's national commander. Right here in New York 41 posts of the legion have voted an emphatic "no" on the bonus plan, while only the other day, when a movement was begun within the legion to get the views of members throughout the country, there was instant response from more than 500 cities to which telegrams were sent.

The legion is facing a crisis and its leaders know it. It has progressed thus far on the theory that it is a military organization in which obedience to officers' commands is placed above all other considerations. But the present seems to be as good an occasion as any to point out that such a system has its drawbacks, and to those of us who believe democracy should be the controlling spirit of the legion and that even a minority deserves a hearing, the time has come to speak out.

#### SOME INSIDE HISTORY.

A little of the inside history of the American Legion may be worth recalling. Outsiders may not be aware that from the very beginning it was the purpose and desire of the founders of the legion to steer clear of the very thing they now find themselves entangled with. Bonuses and pensions were to be tabooed. I was in France when the preliminary organization meetings were held, and I know whereof I speak. The policy of the legion was to be "hands off," so far as that supposedly bottomless pit, the United States Treasury, was concerned.

This same spirit survived the trip homeward and this same spirit prevailed later at the meetings in St. Louis and Minneapolis, when the legion formally came into being. There was talk of a bonus, but with a clear-cut declaration that no pressure would be used on Congress to have one given. Publicly many of the legion leaders preserved a discreet silence on the bonus subject. Privately they almost unanimously condemned it.

But the legion was young and needed members. There were membership campaigns, and presently it was found that something more attractive than the mere honor of wearing a legion button and paying dues would have to be offered to get the men to come in. There was another organization of veterans in the field, and its glowing promises to secure extra money from the Government were threatening to cut into the legion membership. Faced by this situation and desiring above all things to swell the numbers, the legion leaders gradually weakened. Before long "Join the legion and get a bonus" was being used as a convenient slogan to attract new members into the organization.

That was all there was to it in the beginning. Armed with the "Join the legion and get a bonus" slogan, the recruiting sergeants found it easy to reach a great majority of those who were desirous of getting the extra money. The membership rolls increased. Nevertheless, the total paid-up membership of the legion to-day is less than 12 per cent of the total number of ex-service men and women and considerably less than the total number discharged for disability, notwithstanding that a large part of these have been recruited into the organization.

#### THE LEADERS' IDEA.

It was a deliberate play for the probonus element among the ex-service men, and it succeeded in getting a considerable slice of them. All the time the leaders who had been elected by the no-bonus element, but who had found it expedient to face about, were letting it be known among their friends that they hoped, as one of them put it, "to kiss the bonus movement to death." It was a case of the end justifying the means, of doing evil that good might come.

Meanwhile antibus recruiting for membership steadily dropped off, and has now entirely ceased. Many antibus members will no longer attend meetings, and in more than one post the question has seriously been considered of withdrawing entirely from the organization.

This, briefly, is the process by which members of the American Legion—and, by inference, all ex-service men—have been swung into line behind the bonus agitation. There never has been a referendum on the bonus within the legion, much less among the vast majority of ex-service men and women outside of the legion. Some of us know that a strong sentiment does exist within the legion against the bonus. We believe, further, that there is antibus sentiment just as strong, if not stronger, among the nearly 4,500,000 ex-service people who thus far have shown no desire to affiliate with the legion.

Why not take a referendum? Why not call a halt on further bonus activities in Congress and see, first of all, just where the 5,000,000 men and women chiefly concerned stand on the question? For some reason the leaders of the legion have never taken kindly to the referendum idea.

#### LEGION NEEDS MONEY.

It is perhaps not generally known that the finances of the legion are not in the best of shape. There is between \$500,000 and \$600,000 owing by national headquarters. The bulk of this is owed to the individual leaders and their friends. At the time when the legion was forming, money, of course, was needed, and those who could do so and were sufficiently interested came forward with what was required. This money has yet to be paid back. There have been heavy expenses. The dues of the organization are \$2 a year, \$1 of which goes to national headquarters. But of this \$1, 75 cents goes to defray the cost of publishing the Weekly, the legion's official organ, which is sent to every member. So that national headquarters has the use of only 25 cents per member to meet running expenses and old debts.

Under these conditions prospects for paying back the \$500,000 or \$600,000 loan are not of the brightest. But they would be considerably improved if the bonus legislation were to go through. Knowing that the antibus feeling is strong, certain of the legion leaders make no secret of the fact that they expect many members will not touch a penny of their extra pay, but will willingly assign their claims over to

national headquarters. One member of the finance committee figures that as much as 5 per cent—approximately \$60,000,000—of the total bonus money can be counted upon from these assignments, and the legion permanently financed from the income.

So much for the interest of national headquarters in the pending legislation. Now, as to the ex-soldier. I believe it may safely be said that the chief concern of all healthy ex-service men—and they constitute by far the large majority of veterans—is to see that the wounded and disabled and the dependents of those who were killed in the war get what is coming to them in the way of fair treatment at the hands of Congress and the country generally.

With the ex-service man these people come first. He wants to see that they get a square deal. Everybody knows it is going to be a tremendous job. We are only just beginning to get the machinery running properly. Yet it is now proposed to set up on top of this still other machinery which, as many of us see it, would inevitably come into conflict and cause interference with the work for the wounded. Disorganization would be bound to result all along the line, and the wounded and disabled and dependent of the war would in the end be made to suffer for the benefit of those who had the good fortune to come through unscratched. That is something no healthy ex-service man wants to see happen.

#### THE 642,000 DISABILITY LIST.

Take the case of the men discharged for disability. There are 642,000 of these—a far greater number than it was ever thought this country was going to have—and to date they can not be said to have received more than a part of that generous treatment which it is the people's intention that all disabled men shall have. Add to these the uncounted number of dependents of the dead who are obliged to live, at the very most, on a pittance of \$57.50 a month—with the dollar worth about one-half what it was when that allowance was made.

It should not be forgotten that we have 76,000 mental disability cases, many of them due to shell shock. Of these only a small number are receiving anything like adequate treatment. At the present time 2,000 of them are confined among the criminally insane, there being no other place to put them.

The cost of caring for these people is going to be enormous—far greater than any one dreamed of in the beginning. First estimates placed the figures at \$60,000,000. Yet this year we have spent \$264,000,000, and for the coming year we are preparing to spend \$450,000,000. It is a safe prediction that by the year after next the sum will have jumped to \$750,000,000, and that three years hence it will be a round billion dollars. That is what we have got to be prepared for for the next generation. It is worth remembering that this year's bill for pensions prior to the great war is nearly \$300,000,000.

#### TEN BILLION IN TEN YEARS.

It is going to take \$10,000,000,000 at the very least in the next 10 years to take care of the wounded, the disabled, and the dependents of the dead.

But—join the legion and get a bonus. The slogan, having reached Washington, has blossomed out in a bill which, if enacted, will add anywhere from \$1,200,000,000 to \$4,000,000,000 to the already heavy burden. If the pending legislation goes through, it will mean that beginning April 1, 1921, every man or woman who served overseas during the war will receive \$1.25 a day, and every man or woman who served on this side will receive \$1 a day as extra compensation for his or her services. The maximum which any one can receive for overseas service is \$625 and the maximum for home service \$500. Payments are to be made quarterly over a period of three years.

It is a monumental scheme proposed by a handful of legion officials who have never taken the trouble to find out whether the majority of the ex-service men whom they profess to represent really favor it. It is nothing more nor less than a service pension—variously styled bonus, adjusted compensation, and beneficial legislation—but a pension nevertheless, the very thing the country thought it had done away with by setting up machinery for war-risk insurance, rehabilitation, and vocational training. Under the proposed bonus law there will be set up additional tax-eating machinery that will be good for three years, and probably more, as the history of such things goes. It will be a vast organization reaching out into every corner of the country and providing the politicians with ideal accommodations for reaching the "soldier vote." The political party that captures it first is not going to surrender the advantage without a struggle.

The political possibilities of the thing are unlimited. Few people realize what the soldier vote means to many an otherwise independent officeholder. A Congressman from the Middle West told me the other day that he was strongly opposed to the bonus bill.

"But," he added almost apologetically, "I was elected last time by only 1,100 plurality and there are 6,000 soldier votes in my district."

There are exceptions, as in the case of Congressman HERBERT PELL, of New York, who frankly admits that when he votes against the bonus bill he will "commit political suicide," but these are few and far between. Unfortunately, the bonus bill—like a good deal of other legislation—is being considered less on its merits than on its vote-getting possibilities.

#### CASE OF WALTER REED HOSPITAL.

In this connection, the experience of the Walter Reed Hospital might be cited. It is the experience of this institution and others in a similar position to know that a very large percentage of the men who have back pay or bonus money paid to them will not work while that money lasts. The proposal to pay quarterly for three years sums of \$500 and \$625 to ex-service men certainly will not lessen the condition of money expectation. On the contrary, it is quite certain to prove an unsettling force with thousands of recipients.

To make matters worse there is apparently no provision to prevent claims from being turned into cash in advance. Ex-service men who really do not need the money, but who may be counted on to take it if they can get it, will be doing wonders if they miss the opportunity to assign their claims to their "uncle" for a discount. Another gentleman of unsavory memory may be expected to do thriving business. He is the fifty-fifty pension attorney. Driven out of business under the war-risk insurance act, which put a 10 per cent limit on attorney fees, the fifty-fifty claim adjuster is sure to enjoy a new lease of life if the bonus bill becomes law.

Apparently, also, little consideration is being given to the fact that of the 5,000,000 ex-service men the vast majority were benefited both mentally and economically by their experience. They have come home to find their old jobs—or in many cases better ones—waiting for them, while Congress, by continuing for two years the wartime immigration laws, has helped them still further toward getting adjusted. That they

have been benefited in other ways is shown by life insurance figures which give the average healthy ex-service man an added expectation of life of five years.

All this, it might be added, is wholly aside from the fundamental principle involved in the bonus fight—the principle of demanding pay for that which was patriotically given—which to many ex-service men is the first and last reason for declaring against the bonus.

Mr. THOMAS. Apropos of Mr. Waldo's communication, I will read a brief clipping from one of the recent issues of Life, suggesting suitable mottoes for those posts of the legion which are urging the bonus:

Patrick Henry said: "Give me liberty or give me death, with compensation for death and a bonus for liberty."

Nathan Hale said: "I only regret that I have but one life to give to my country, for had I nine lives to give, my widow would receive nine pensions."

Stephen Decatur said: "My country, may she ever be right! But right or wrong, my country, and my bonus."

Abraham Lincoln said: "The last full measure of devotion, at \$50 per month."

#### RATES OF INTEREST.

Mr. McLEAN. Mr. President, I have in my hand a communication from the Federal Reserve Board in reply to a letter addressed to the board by the Senator from Oklahoma [Mr. OWEN] on the 14th instant. As that letter was printed in the Record, I think Gov. Harding's reply should receive similar consideration. I therefore ask unanimous consent that it may be printed in the Record.

Mr. SMITH of South Carolina. Mr. President, may I ask the Senator if I understood him to say that the letter of the Senator from Oklahoma had been printed in the Record?

Mr. McLEAN. Yes.

Mr. SMITH of South Carolina. And the Senator now asks that the reply of Gov. Harding be incorporated in the Record?

Mr. McLEAN. The Senator is correct.

There being no objection, the letter was ordered to be printed in the Record, as follows:

MAY 24, 1920.

MY DEAR SENATOR: Your letter of the 14th instant was duly received, but unusual pressure of routine business has prevented an earlier reply.

I notice that you renew the suggestion made in your letter of April 27 that the Federal Reserve Board lower the discount rates of Federal reserve banks as a means of helping to restore Liberty bonds to par, and that you take the view that as the Federal reserve banks pay no interest on deposits and that as they made very large earnings last year on a 4 per cent rate that 3 per cent is a rate high enough to enable them to make all the money they are entitled to make out of the public, and you say that "the Federal reserve banks should not be put in the attitude of profiteering or of setting the example of profiteering to member banks."

Your suggestion that the discount rates of the Federal reserve banks be fixed with reference to their dividend requirements is certainly a novel one, but before entering into a discussion of the propriety of fixing rates from this point of view I wish to say something regarding your intimation that the Federal reserve banks are putting themselves in the attitude of profiteering.

Section 7 of the Federal reserve act provides that "after all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative." As originally enacted this section provided further that after dividend claims had been fully met "all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to 40 per cent of the paid-in capital stock of such bank." The act of March 3, 1919, which passed the Senate only as a result of your watchful care throughout an all-night session near the end of the Sixty-fifth Congress, amended section 7 by providing that "after the aforesaid dividend claims have been fully met, the net earnings shall be paid to the United States as a franchise tax except that the whole of such net earnings, including those for the year ending December 31, 1918, shall be paid into a surplus fund until it shall amount to 100 per cent of the subscribed capital stock of such bank, and that thereafter 10 per cent of such net earnings shall be paid into the surplus."

Section 7 also provides that in case a Federal reserve bank should be "dissolved or go into liquidation any surplus remaining after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock shall be paid to and become the property of the United States." On May 21, 1920, the paid-in capital stock of all the 12 Federal reserve banks aggregated \$93,786,000. On this basis of capitalization for the year the member banks can receive dividends



at the rate of 6 per cent, amounting to \$5,627,160; the remainder of the net earnings, however great, will be paid in larger part directly to the Government as a franchise tax, the balance being carried to the surplus funds of the Federal reserve banks with ultimate reversion to the Government. On May 21, 1920, the consolidated statement of the 12 Federal reserve banks shows bills discounted secured by Government war obligations, \$1,446,723,000; all other rediscounts for member banks, \$1,053,663,000; bills bought in the open market, \$417,368,000; making a total of notes and bills rediscounted of \$2,917,754,000. At the same time the reserve deposits of member banks were \$1,833,665,000, total reserves held were \$2,079,538,000, and Federal reserve notes in actual circulation amounted to \$3,085,202,000.

The ability of the Federal reserve banks to extend so large a volume of discount accommodations is due to the use of Federal reserve notes, and this fact ought not to be overlooked. It follows, therefore, that the earnings of the Federal reserve banks are derived in larger part from the circulation of Federal reserve notes, which are obligations of the Government. The Federal Reserve Board is authorized in section 16 of the Federal reserve act to require the Federal reserve banks to pay such rate of interest as the board may establish on the amount of Federal reserve notes outstanding, less the amount of gold or gold certificates held by the Federal reserve agents as collateral security. On May 21, after setting aside the reserve of 35 per cent against net deposit liabilities, the combined statement of the Federal reserve banks shows a reserve against Federal reserve notes outstanding of 47.1 per cent. Even though all excess gold were deposited with the Federal reserve agents, there would be 52.9 per cent of the outstanding note issue, or \$1,632,071,858, subject to an interest charge, the imposition of which would very materially reduce the apparent earnings of the Federal reserve banks. The act gives the board discretion in the matter, however, and no charge has been imposed, for the reason that the excess earnings of the Federal reserve banks go to the Government in any event.

It seems to me, Senator, that you are disposed in all your discussions of the money and credit situation to ignore the fundamental law of supply and demand. Let me point out a few statements in your last letter which appear to be inconsistent. You state that you are "certainly opposed to inflation," but you are "strongly in favor of the extension of business, increasing production, and improving distribution by extending credits on a stable low-interest rate." And you say, "The expansion of credit for such purposes is justified, but, of course, the expansion of credit beyond the available resources, even for the most important of purposes, is not justified." You say further that "credits ought to be extended at a low rate to the extent of the capacity of the reserve banks for productive purposes," and you intimate that, as the Federal reserve banks pay no interest on deposits, a 3 per cent rate is high enough. While you do not say in direct terms that Federal reserve banks should stand ready to make loans on Liberty bonds and Victory notes at a 3 per cent rate, your letter admits of this construction, although you do say that you do not advocate the reserve banks "lending beyond their resources at any rates or on any securities." You say, "Assuredly, raising the rates of interest will deflate credits, even the credits of the United States, of which I complain; but I am anxious the Federal Reserve Board shall only deflate those credits that require deflation, and not deflate credits of the Government and of legitimate productive business which ought not to be deflated." You say that "The only deflation of credit justified is the deflation of credits employed in speculative loans on investment securities, on real estate, and on commodities for hoarding by profiteers."

From all this I understand your view to be that the Federal reserve banks should lend at a low stable rate on Government securities and on other eligible paper, barring only "speculative loans on investment securities, on real estate, and on commodities for hoarding by profiteers," and that in your judgment this stable low rate ought to be 3 per cent.

You admit the correctness of the observation made in my letter of the 3rd instant that "there is a world-wide demand for capital, and the demand for bank credit in this country for agricultural, commercial, and industrial purposes is heavier than has ever been known before; investment demands for new construction, for the maintenance and equipment of railroads, and for the financing of our foreign trade are very great." You ask: "Are these just demands to be met by denying the credits, or are they to be repressed by raising the rates?" I can not escape the conclusion, Senator, that were the Federal reserve banks to establish the stable low rate proposed by you they would soon reach the limit of their available resources, beyond which point, you state, the expansion of credit, "even

for the most important of purposes, is not justified." It seems to me that the adoption of the policy proposed by you would result in a wild scramble for discount accommodations at the Federal reserve banks with an enforced denial of all credit after the first few days.

The board is insisting that all banks use a discriminating judgment in making loans, giving preference to those which are necessary for the production and distribution of the basic necessities of life, such as clothing, food, and fuel, but in the exercise of this discretion it is necessary to have the restraining influence of a rate. It is idle to preach against excessive borrowings and then to invite borrowings by an artificially low rate less than half the current open-market rate.

You have had a good deal to say about the low rates which prevailed in bygone years in England, France, and Belgium, and I might call your attention also to the low rates which prevailed at the Federal reserve banks during the year 1915 when there was no demand for loans. But we are dealing with the pressing problems of the present; changing conditions must be recognized and dealt with as occasion demands. You no doubt know, although you have never called attention to the fact, that official discount rates are high everywhere, even in countries where inflation has been carried to extremes and which are no longer on a gold basis. The official rate in Italy is 5½ per cent, that of the Bank of France is 6 per cent, and that of the Bank of England is 7 per cent, having recently been raised from 6 per cent.

The Federal Reserve Board does not take the view that discount rates should be arbitrarily fixed by it; it recognizes the fact that there are certain basic conditions which affect the demand for and the supply of credit throughout this country and throughout the world, and that the formal establishment of a discount rate is merely an interpretation of these conditions. You call attention to the fact that the open market rate in London during the war was 3½ per cent. It is now 6½ to 6¾ per cent against an official bank rate of 7 per cent. You do not question the wisdom of the management of the Bank of England, which you say is conducted by the wisest merchants in the world, although I have always had an idea that many of these merchants are credit merchants or private bankers, as they would be called in this country. The advances in rates in London are evidently due to natural causes, and there has been no attempt to maintain artificially the low rates to which you refer. Why, then, is it not just as reasonable to concede to the directors of the Federal reserve banks and to the Federal Reserve Board some degree of honesty of purpose and intelligence in making the advances in rates of which you complain so vigorously?

From your own figures, Senator, it is clearly impossible for the Federal reserve banks to carry at any rate which may be fixed the entire volume of the Government war obligations, and if a stable low rate of 3 per cent were to be established no very great volume of additional loans could be made, and instead of there being a stabilization of the bond market there would be chaotic conditions instead.

The obligations of the Government of the United States offer the best opportunity for investment in the world to-day. They are being sold now on a most attractive investment basis, and as speculative tendencies are curbed, as the gains of the profiteers are reduced, as commodity prices decline, and as the business and industry of this country settle down to a more normal peace basis, the market value of these securities will rise very rapidly. This conclusion is justified by the experience of the past. The 6 per cent 20-year bonds of the Government during the Civil War sold at a heavy discount (I think they were down at one time to about 80), but two years from the time of their greatest depression they reached par and were selling at a premium of about 25 per cent in 1869, only 12 years before their maturity. I am satisfied that we will have a similar experience with Liberty bonds, provided there are rigid economies in governmental expenditures from this time forth and inflationary tendencies generally are held in check.

I do not know of anything further that I can say regarding the call money rates in New York. You continue to insist that the powers of the Government should be exercised through the offices of the Federal Reserve Board, the Federal reserve banks, and the Comptroller of the Currency to remove the causes which lead to fluctuating rates there, and I have already pointed out to you that the interest rates in New York City are regulated by the laws of the State of New York, and that there is nothing that can be done by the Federal Reserve Board or by the Federal reserve bank of New York, except, perhaps, to decline to make loans on Government bonds to banks which in turn lend on stock-exchange collateral. This would result in even higher rates.

It is interesting to note, however, that the high rates of which you complain reached their peak in November, 1919, before the discount rates of the Federal reserve banks had been advanced, and that since the rates were advanced to their present level on January 23 last call-money rates have ruled, with the exception of one or two temporary flurries, quite steadily around their present level of from 6 to 7 per cent.

Very truly, yours,

W. P. G. HARDING, Governor.

HON. ROBERT L. OWEN,  
United States Senate.

Mr. SMITH of South Carolina. Mr. President, while I shall not take up the time allotted to the consideration of this bill this morning, I should like to say in this connection that I have asked the Comptroller of the Currency to furnish me with a statement of the rates of interest that are being charged in the different States for the rediscount of the different kinds of paper offered as collateral, also the gold reserve that we have to take care of our outstanding circulation; and as soon as I receive that data I want to call the attention of the Senate to the fact that we must discriminate at this time in the affairs of our country between the credits that are extended to the productive activities of our country and those that do not add to its productiveness. I think the figures will disclose the fact that the very thing I called the attention of the Senate to when a certain amendment was pending here is now transpiring, and I do not think it will be for the good of this country to allow it to continue if the Senate has the power to correct it.

#### ARMY APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13587) making appropriations for the support of the Army for the fiscal year ending June 30, 1921, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. JONES of New Mexico. Mr. President, I would really like to understand something more about this amendment or see whether there is any different information regarding it. The statement made by the Senator from Texas [Mr. SHEPPARD], it seems to me, presents a situation which ought to challenge the careful attention of the chairman of the Committee on Military Affairs and of the Senate. I am not a member of that committee and I have not given any special consideration to these matters. I concur generally in the views of the chairman of the committee that one appropriations committee should handle these items; but may I inquire of the chairman of the committee whether it is probable that if this provision is stricken out the Appropriations Committee will handle it at this session of Congress?

Mr. WADSWORTH. It is entirely within the power of the Appropriations Committee to do it. The sundry civil appropriation bill has not passed the Senate. It has been in the Committee on Appropriations for many days, and at any time this matter can be taken up by that committee.

Mr. TOWNSEND. But is it not true that at this time any one of these provisions presented to the Senate as an amendment would be objected to, and the point of order would be made against it, and it could not possibly be considered?

Mr. WADSWORTH. On what ground could a point of order be made?

Mr. TOWNSEND. That the amendment had not been presented to the committee.

Mr. WADSWORTH. Does that constitute ground for a point of order?

Mr. TOWNSEND. It does, unless the department recommends it.

Mr. WADSWORTH. The department has recommended it.

Mr. TOWNSEND. If the appropriation has been recommended by the department—

Mr. WADSWORTH. It has been estimated for. There is no question about that. The department estimates for literally scores of appropriations. If we granted all the estimates, we would appropriate just \$1,000,000,000 in this bill instead of \$440,000,000.

Mr. JONES of New Mexico. It seems to me, Mr. President, that there can be no question about the advisability of this legislation, from the information presented thus far to the Senate. An option has been obtained on this land, and there has been no word from any source that it is not advisable for the Government to carry out the transaction. As I understand it, the sundry civil appropriation bill is in such a stage now that it is hardly reasonable to suppose that the Appropriations Committee want to take up this question and go into it. While I think the chairman of the committee is quite right as a general propo-

sition, yet we have not entirely reached the point to which the Senator has referred, and until we do it seems to me that we ought to take care of the clear necessities of the Government, even though we might be guilty of some infraction of a good idea.

Unless there is some contention that this transaction ought not to be consummated, it does seem to me that we ought to consummate it at this time, inasmuch as the House has put this provision in the bill, and in order to consummate it it is only necessary for the Senate to agree to the action already taken by the House. To strike it out now would make it necessary to go through the circumlocution of referring it back to another committee, and to a committee which, I understand, has practically, if not completely, concluded its labor, and at a time when it is expected that Congress at this session will not be dealing with these matters much longer. I should like to appeal to the Senator who has charge of the bill to withdraw his objections to the House provision and let us not concur in the committee amendment. If there were any argument or dispute regarding the item, I think I should feel differently about it.

Mr. WADSWORTH. Mr. President, I think there is an argument regarding the item. The Senate probably realizes by this time, from the experience we have had with the mass of papers coming out of the war, that the War Department has indulged in the habit, during the war and immediately after the armistice, of creating the necessity for additional appropriations.

Mr. SHEPPARD. If the Senator will pardon me, that statement does not apply to this particular item, because this land was authorized by a bill introduced in Congress and passed through Congress.

Mr. WADSWORTH. For the purchase of this land?

Mr. SHEPPARD. Yes, sir; and the chairman of the committee received a letter from the War Department calling his attention to the matter some weeks ago. In the multitude of items under his consideration it probably has escaped his recollection.

Mr. WADSWORTH. No; I recollect the incident.

Mr. SHEPPARD. The acquisition of this land was authorized pursuant to a bill introduced by me. It is not one of those cases where the War Department utilized its general war authority and the war emergency to commit the Government to the purchase of land.

Mr. WADSWORTH. No, Mr. President, I did not mean that exactly. I meant that the War Department, before it acquires land, proceeds to spend a lot of money on the land, and then comes to Congress and says it must buy the land. It does that repeatedly. The Senator from Texas remarked that there is a target range standing on some of this land.

Mr. SHEPPARD. The land necessary for the target range is all that is contemplated in the provision which the committee reports to strike out.

Mr. WADSWORTH. But the Senator sees that all these plans were made before the land was owned. That has happened in dozens of instances.

Mr. SHEPPARD. If the Senator will permit me, I will state that the War Department was negotiating with the different owners, and there was considerable delay on account of defects of title, and so forth. It was doing what it could to perfect the title when the act of July 11, 1919, which really was not aimed at specific purchases of this kind, passed; but the Comptroller of the Treasury held that this purchase was included in the terms of the act of July 11, 1919.

Mr. WADSWORTH. In any event, Mr. President, it has been the practice of the department not to wait until the negotiations for the purchase of the land are complete, but they go right ahead and put expensive construction upon the land. The Senator from Texas states that it will cost \$120,000 to build this target range elsewhere. I can not conceive why \$120,000 is necessary to build a target range.

Mr. WARREN. That amount is not necessary, of course.

Mr. WADSWORTH. I have seen some target ranges, and I have seen some when they were being constructed.

There is nothing very elaborate about a target range. You dig a row of butts on which you arrange to erect the cloth or paper targets, which can be lifted or lowered down into a trench. At certain intervals these targets are lifted and lowered. The men take shelter behind the trench, lower the targets, mark the shots, raise the targets again, and telephone to the officers who are in charge of the firing, 200, 300, 600, or a thousand yards away. Why \$120,000 is necessary for a target range I can not understand. It may be that the situation there is not in perfect condition, but this is only one of dozens where the Government goes ahead and starts a great big program of expenditure in construction on land it does not own, and then comes to Congress and says, "If you do not appropriate the money to com-



plete the purchase of the land, the Government is going to lose all its investment in the construction." It does that over and over again.

During the war there were some instances of that kind which were unavoidable, but here we are nearly two years after the war, and we can not get these things straightened up. Our plea has been to let one committee straighten them out, because we can not tell where we are traveling with this thing. If we pursue this policy, it will never end. If the Congress does not adopt this policy now, it will have just as much trouble doing it next year, because some other case will come up, and it will be put on some other appropriation bill, the emergency will be pleaded, the War Department will send estimates, the General Staff will have elaborate recommendations, and they will say, "The Government has spent so much money on this property, and you must not lose that money; for Heaven's sake appropriate some money and buy the land that lies underneath the buildings." In that way we will never get it straightened out.

Mr. FRELINGHUYSEN. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from New Jersey?

Mr. WADSWORTH. I yield the floor.

Mr. FRELINGHUYSEN. I simply wished to point out to the chairman of the committee that there was available for the use of the War Department, at one of the rifle ranges used in the northern part of New Jersey, about 3,000 acres, where the Navy Department has expended considerable money in building a rifle range, one of the most available in the country, within half an hour of the Navy establishment at Brooklyn, and available for the troops in New York, New Jersey, and all that section. The lease was offered to the War Department for \$5,000 a year. The butts are all built, the buildings conveniently arranged, built at considerable expense by the Navy Department, and the Secretary of War ordered the camp abolished and the buildings demolished. If there is a necessity for rifle practice for the Army, the permanent organization, it would seem as if it would be cheaper for the War Department to continue this rifle range and lease it at that much lower cost.

Mr. SHEPPARD. Mr. President, I want to call the attention of the Senate to the fact that in addition to the expense of dismantling this range the War Department states that the expense of restoring the land to the original condition will be equal to or exceed the present purchase price. If I felt we had ample opportunity to present this matter to the Appropriations Committee, I would not insist on it here, but conditions are such that there will not be an opportunity to present it to the Appropriations Committee at this session of Congress. Adjournment is too near. Now, I want to call the attention of the Senate briefly to three facts involved in this proposition which makes it poor business judgment not to buy the land at the present figure. I want to quote again what the department said:

There has already been constructed on the land in question, at a cost of \$70,000, a target range which has been in use by the troops stationed in the vicinity of Fort Sam Houston, Tex. A target range in this vicinity is a vital necessity for the proper training of the troops. The land on which this target range is already erected is held on options which expire on June 30, 1920, and at prices ranging from one-half to one-third the prices now asked for ground in this vicinity. The target range already built on this land could not be rebuilt at the present time for less than \$120,000. In addition, if the land is returned to its owners it will be necessary to restore it to its original condition or pay damage claims. It is estimated that this will be equal to or in excess of the present option prices to purchase.

The three facts to which I refer are, first, the increased cost of a new target range; second, the cost of restoring the land to its original state; third, the increased cost of land in that vicinity over the present option price.

In view of these facts, Mr. President, I believe it would be the part of economy, the part of good business judgment, to purchase the land at the price at which it can now be had.

Mr. WARREN. Mr. President, does it not strike the Senator, in his practical ideas of business, that whoever made that estimate of the cost of reconstruction must have been dreaming? The Senator knows, as I do, about target ranges, and to talk about costing that much to restore the land to its original condition, of course, is preposterous.

Mr. SHEPPARD. Aside from that, conceding that what the Senator says as to the target range is true, when we consider the other elements in this proposition, the fact that the expense of restoration will equal the present price, and the fact that when other land is acquired for a target range, which is a military necessity, it will cost more than the price at which the land can now be had, there would seem to be ample justification for the present purchase.

Mr. WADSWORTH. Can the Senator say how much land the Government owns at Leon Springs just now?

Mr. SHEPPARD. I can not recall at present.

Mr. WADSWORTH. Does it not own quite a tract?

Mr. SHEPPARD. It owns a tract of land some 20 miles from San Antonio, but that is a separate proposition from this. The target range has been constructed on this particular land which the department was authorized to buy in a bill introduced by myself, to which I referred a few moments ago.

Mr. WADSWORTH. I recollect that the Government owns quite a piece of land about 20 or 25 miles out of San Antonio. Is not that at Leon Springs?

Mr. SHEPPARD. That is near Leon Springs, but this tract of land is not over 8 or 10 miles from Fort Sam Houston, if I recall the matter correctly.

Mr. WADSWORTH. The other tract is several thousand acres, is it not?

Mr. SHEPPARD. I think so; but it was not suitable for this purpose, as I recall. It was used for some other purpose.

Mr. WADSWORTH. It is used for maneuver purposes for troops from San Antonio to Leon Springs in troop maneuvers. I know it is large enough to pasture a large number of Army horses and mules sent out there. It is out in the big country. Of course, they will always say this is fit for a target range, because they have this one already there.

Mr. SHEPPARD. This range has been constructed and is already under operation.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

On a division, the amendment was rejected.

Mr. SMITH of South Carolina. Mr. President, I should like to ask the chairman of the committee with reference to an amendment that has been called to my attention in a letter from a constituent of mine. It seems there are certain explosives stored in Charleston, and he says with reference to it:

I understand in the next appropriation bill, which is coming up within the next few days, a sufficient amount is provided to take care of the removal of these explosives—

Speaking of the explosives stored near warehouses and factories owned by citizens there—

but it seems that there is some likelihood of the full appropriation not going through, and I am therefore writing to ask that you please do all you can to see that this appropriation is passed.

I ask the chairman of the committee what provision, if any, there is in the bill for taking care of the conditions described? It seems that these explosives were stored during the period of the war at a certain place near the terminals owned by the Government and near factories and warehouses, and it is the desire to have them removed so as not to jeopardize the terminals owned by the Government, as well as the property of these private concerns.

Mr. WADSWORTH. That is a question which has never been brought to the Committee on Military Affairs. My understanding is that the Committee on Appropriations has included in one of the standard appropriation bills a provision for the purchase of a site at Ogden, Utah, for the erection of a large storage plant for the purpose of storing high explosives left over from the war.

Mr. SMITH of South Carolina. As this is a matter of very great importance, may I inquire if there is any member of the Appropriations Committee who can give me information with regard to the matter?

Mr. WARREN. There was a bill passed providing that there should be three depots built for the storage of combustible ordnance matériel; one of them at Ogden, Utah, and one of the other was sought to be erected at Sparta, Wis., but on the floor of the Senate it was decided otherwise. The third one is to be, I understand, at Fort Wingate, N. Mex. The proposition of the legislation was to get these storehouses inland, away from the seacoast; and, furthermore, to get them where, if there should be an explosion, we would not be called upon to answer for it, as we had to do at a certain New Jersey point, where lives were lost and millions of dollars' worth of property was destroyed, for which the Government has had to pay. That is all provided for, and the appropriations are made accordingly.

Mr. SMITH of South Carolina. Then, the matter complained of by my constituent is provided for in a pending appropriation bill?

Mr. WARREN. It is authorized by a special law and provided for in an appropriation bill.

Mr. SMITH of South Carolina. So the explosives that have been stored at these different points will be concentrated at the three points named by the Senator?

Mr. WARREN. Yes; as soon as buildings can be constructed to receive them.

Mr. FRELINGHUYSEN. Mr. President, I might suggest to the Senator from South Carolina that if there is any point in his State where property is endangered by reason of the storage

of explosives, he should apply to the Ordnance Department and request their removal. We had that problem in New Jersey, and there were thirty-five or forty million tons of T. N. T., ammonium nitrate, and other high explosives taken out of the State and removed to places that had been provided at Fort Wingate and other points. It is largely a matter of administration. If the Senator feels that any property is being menaced by the storage of explosives and will take it up with the Ordnance Department, undoubtedly they can facilitate its removal as they did in New Jersey.

Mr. SMITH of South Carolina. I thank the Senator for that suggestion. According to the contents of this letter not only is there endangered a lot of quite valuable property owned by individuals, but it is in juxtaposition to the Government property as well, which also jeopardizes that property. I shall take it up with the Ordnance Department and see if it can not be expedited pending the completion of the legislation now contemplated.

The READING CLERK. The next committee amendment passed over is on page 61, to insert, lines 1 to 12, inclusive, as follows:

That the Secretary of War is hereby authorized to dispose, by sale, of the cannon-finishing plant known as the Erie Howitzer Plant, at Erie, Pa., and to use not to exceed \$950,000 of the proceeds of the sale of said plant for the erection, at Watervliet Arsenal, Watervliet, N. Y., on Government-owned land, of a plant for machining and assembling medium caliber types of field cannon and to remove to Watervliet Arsenal the machinery and equipment now installed or stored at the Erie Howitzer Plant; and that all the proceeds of sale of the Erie Howitzer Plant in excess of \$950,000 shall be deposited in the Treasury of the United States to the credit of "Miscellaneous receipts."

Mr. LENROOT. Mr. President, I wish the chairman of the committee would make a statement regarding this paragraph of the bill.

Mr. WADSWORTH. On page 61 of the bill will be found two amendments offered by the committee, after a good deal of discussion, and on the theory that they should be laid before the Senate for its consideration.

The first one provides for the sale of the howitzer plant at Erie, Pa., and the use of the proceeds of that sale up to the amount of \$950,000 for the erection of a building at the Watervliet Arsenal upon land owned by the Government, which will be designed to house the very expensive machinery which the Government now owns and which is now situated in the Erie plant.

Here was the situation as presented to the committee: During the war the Government built, at its own expense, upon land acquired by it, a very modern and up-to-date factory building at Erie, Pa., devoted to the manufacture of howitzers. The machinery put in that building was of the most up-to-date and modern kind, and the whole plant was made most complete. It cost \$4,197,000 complete. It started operations as soon as they could finish it, and at the time of the armistice, if my recollection is correct, it had reached its capacity in the way of production. I think that was something like 300 howitzers per month.

The Government does not need that plant to-day. It does not want to maintain a cannon or howitzer factory at Erie, Pa. It does, however, desire to keep the machinery, which is most expensive and very difficult to duplicate in the rush and turmoil of war. In fact, it was the production of the machinery which delayed the production of guns and other munitions more than any other element during our participation in the war. So the War Department now propose that that machinery which stands in the Erie plant shall be transferred to Watervliet, which is the great cannon factory of the Army, and placed in a building there to be erected upon land which the Government already owns. If we do not provide some suitable building in which to place that machinery, it must be left in the Erie plant.

The machinery, as Senators will realize, is exceedingly heavy as well as expensive and valuable. It involves great turning lathes that will handle 6-inch howitzers and do the machining upon that kind of work.

Mr. LENROOT. Will the Senator yield at that point?

Mr. WADSWORTH. Certainly.

Mr. LENROOT. The amendment provides for the sale of this plant and the use of the proceeds to the extent of \$950,000 for the building of another plant. What will be done with the machinery in the plant between the time of the sale and the completion of the building?

Mr. WADSWORTH. Our information is that it can be sent to Watervliet and temporarily stored in such way as not to deteriorate while this new building is being erected. But the erection of the new building will not take long and the machinery will be promptly installed in it and there it will remain permanently.

Mr. LENROOT. Has the Senator any information as to when the building will be completed, if the provision remains in the bill?

Mr. WADSWORTH. I think in about a year. The building itself is not so difficult to erect, as I understand it. Factory buildings of concrete and steel can be put up rather rapidly. It is a question of moving the machinery and storing it for the moment and getting it into the building for good.

Mr. LENROOT. I will say to the Senator that the Chief of Ordnance told me yesterday that they would not even have the plans prepared until next spring if this provision was adopted.

Mr. WADSWORTH. They need not sell the Erie plant until next spring. They can sell the Erie plant upon certain terms, possession to be given to the purchaser on a certain date, which would permit the Government to move the machinery out and to have the building at Watervliet well on toward completion.

Mr. LENROOT. If there is temporary storage that can be provided, why should we expend \$950,000 now for a permanent building? We have no use for the machinery so far as the present manufacture of additional guns is concerned.

Mr. WADSWORTH. Probably only a little of it would be used in peace time, but I doubt if we have temporary storage which is competent to take care of the machinery indefinitely.

Mr. LENROOT. No; but it would take care of it for another year or two.

Mr. WADSWORTH. Then comes the question, Can we sell it to advantage at Erie two or three years from now as well as we can now?

Mr. LENROOT. No; my suggestion is that it be sold now, and we can store the machinery, without appropriating \$950,000 for a building that is not necessary at this time. That is my point.

Mr. WADSWORTH. I wish to complete the statement as to what was placed before the committee.

The building at Erie cost \$4,197,000. It costs now, to maintain it idle, \$21,500 a year. The estimates of the selling price of the plant based on a bid which has been received—that is, just of the building itself and not the machinery—are \$1,250,000, and the estimated cost of transferring the machinery from Erie to the Government arsenal is \$100,000.

The items which compose the \$4,197,000 invested at Erie are as follows: For the purchase of land and buildings at the time of the purchase of the plant, \$500,000; for additional buildings, \$500,000; for the machinery and the mechanical equipment, \$3,197,000.

It is found, therefore, that the machinery is by far the largest element in this cost, and it is up to us to see that the \$3,197,000 worth of very valuable and important machinery shall be housed at a Government arsenal and kept ready for use rather than leave it in temporary storage, or at Erie in a plant which must be idle and from which the Government can get no return. That is the purpose of the item. The committee thought it was one short step in getting rid of these war-time plants. We shall have to dispose of them some day, and if we can dispose of them at a time when selling prices are very good and keep the machinery in them that we want to keep and put that machinery at an arsenal which the Government already operates and owns, the committee thought it was a good business proposition.

Mr. LENROOT. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

Mr. WADSWORTH. Amend the committee amendment on page 61 by striking out all of line 3 after the word "Pennsylvania" and all of lines 4 to 12, inclusive, and insert "and the proceeds of such sale shall be deposited in the Treasury to the credit of miscellaneous receipts," so that the paragraph would read:

That the Secretary of War is hereby authorized to dispose, by sale, of the cannon-finishing plant known as the Erie Howitzer Plant, at Erie, Pa., and the proceeds of such sale shall be deposited in the Treasury to the credit of miscellaneous receipts.

Also strike out lines 13 to 25—

Mr. LENROOT. That is another amendment. This amendment provides for the expenditure of \$6,400,000.

Mr. WADSWORTH. Does the Senator want to discuss the other one? There are two amendments.

Mr. LENROOT. The first amendment of the committee provides for the expenditure of \$950,000. I will discuss them together, because both involve exactly the same principle and the same question.

The amendment which I have proposed authorizes the sale of the howitzer plant at Erie, Pa., and, instead of the proceeds being used to the extent of \$950,000 for the erection of additional buildings at Watervliet Arsenal, it will put the money into the Treasury of the United States. The Senator from New



York [Mr. WADSWORTH] has stated, and the Chief of Ordnance has stated to me personally, that there is no difficulty about securing temporary storage for the machines now in that plant which the Government desires to retain. They already have the facilities and it will cost practically nothing to store them. The chairman of the committee has stated that there is no expectation of using these machines to any extent for the manufacture of cannon.

Mr. WADSWORTH. Hardly that.

Mr. LENROOT. If the Senator will look at the Record, I think he will see that that is what he stated.

Mr. WADSWORTH. I said that in large part they would not be used; but some cannon are manufactured in peace times. I do not wish to be misunderstood.

Mr. LENROOT. For the next two or three years the Senator will admit that there will be a very small number of these guns manufactured, for we have a very large quantity now on hand, have we not?

Mr. WADSWORTH. I think so.

Mr. LENROOT. Now, when one considers the present state of the Treasury, what reason can there be for expending \$950,000 for the erection of a building when temporary storage can be provided, and when we know that in the next paragraph the same question is involved, except that instead of expending \$950,000 it is proposed to expend \$5,500,000 out of the proceeds of the sale of the plants designated therein?

Mr. President, the War Department seems to be of the opinion that the property which was erected for the purpose of carrying on the war belongs to the War Department and not to the Nation; they seem to be of the opinion that if any of these plants are sold the proceeds must be used by the War Department for some purpose. There is no consideration whatever given to the condition of the Treasury; there is very little consideration given to the necessity in the near future of the buildings that are proposed to be erected. The War Department seems to proceed upon the theory that we will not sell these plants, for which we no longer have any use, "unless we, the War Department, can get the proceeds for our own purposes and uses." The Treasury of the United States is not at this time in a condition that will permit the expenditure of a single dollar that is not necessary to be expended.

Mr. President, I want to ask the chairman of the committee this question: If the machines which the Government desires to retain were now held in temporary storage, and the proposed sales had been made, would the chairman be willing to favor an appropriation out of the Treasury of the United States for \$6,400,000 for the erection of these buildings?

Mr. WADSWORTH. Mr. President, I should like first to know how much it is going to cost every year to hold them in temporary storage. I know that our committee is staggered at the cost of temporary storage; it is terrific. We are tired of this temporary storage business. We would rather get rid of these goods than to keep them indefinitely in temporary storage. The fire hazard is tremendous; the cost of guarding and keeping the material in condition is tremendous; and the appropriations, as the Senator from Wisconsin knows, that are asked for storage and other items in which the construction division is interested surpass the extent of our imagination. I do not want to see the Government required to provide any more temporary storage. Let us get rid of the material or put it where we shall keep it cheaply.

Mr. LENROOT. If the Senator from New York is going to proceed upon that theory, and will apply it to everything that is being held in temporary storage, because of the expectation that the Government will house these articles in permanent buildings in the future, instead of this being a \$6,000,000 appropriation for that purpose, it would have to be nearer \$60,000,000.

Temporary storage does cost money, Mr. President, but what is 5 per cent, which is the rate the Government has to pay for money, on \$6,000,000? Does the Senator say that it would cost \$300,000 a year to store the machines that are in these plants? It is perfectly absurd and ridiculous to so contend. There can be no economy in providing permanent buildings to the extent of \$6,000,000 for the purpose of saving some storage charges.

I do not for a moment insist that these buildings ought not to be erected when the Treasury of the United States is in a condition that will permit their erection; but it seems to me that Senators ought to stop and think about the condition of the Treasury. When no immediate need is to be subserved by the erection of buildings at the very high cost now prevailing, and when it is admitted that storage facilities now exist for the storing of these machines, how can an appropriation of this kind for this purpose possibly be defended?

Mr. KING. Mr. President, will the Senator permit an inquiry?

Mr. LENROOT. I yield.

Mr. KING. I should like to inquire of the Senator whether or not the machinery is of such character as that it would deteriorate by being kept for any length of time or would become obsolescent; secondly, whether or not the Government needs the machinery in the immediate future; and, thirdly, could the Government make a disposition of the machinery at any reasonable price to private persons?

Mr. LENROOT. My information is that it is expected that a very considerable portion of the machinery in these plants will be sold with the plants; but there are certain machines which the Government can utilize, consisting of machines which have cost the Government a great deal of money, and which the Government does desire to retain; but there is no immediate use for these machines, to any considerable extent, because we already have, in very large surplus quantities, the guns and cannon which these machines are designed to produce.

So far as the machines becoming obsolescent is concerned, of course, as time goes on and improvements are made in ordnance, the machines will become obsolescent; but, as they do become obsolescent, it would cost the Government very much less, if changes were necessary, if the machines were in temporary storage rather than if they were permanently set up in buildings.

There is another phase of the matter, Mr. President, aside from the condition of the Treasury. We are confronted with a great shortage of production and a great shortage of labor in this country. Six million dollars is not a very large amount, but in this crisis of the country we ought not to appropriate any money that will take labor out of production and put it into nonproductive fields, where that is not absolutely necessary. We can not hope for a return to a normal basis in this country until production and consumption are equally balanced with each other; we can not hope to assist in obtaining that balance if we appropriate millions of dollars for the establishment of nonproductive enterprises which are not necessary for the Government's use. So from both standpoints, the standpoint of the condition of the Treasury and the standpoint of construction requiring labor that is not necessary and that will be taken from necessary production, it seems to me very clear that the amendment which I have proposed ought to be adopted.

Mr. KING. Mr. President, may I inquire of the Senator if he has made any investigation as to the need for another arsenal, to be known as the Aberdeen Ammunition Arsenal? My understanding is that the Government has a number of arsenals. Why should we erect, particularly at this time, in view of the condition of the Treasury, another arsenal? It seems to me if we require more ammunition, that economy would prompt the enlargement of some of the arsenals which the Government now owns.

Furthermore, if the Senator will pardon me, my recollection is that in the discussion of the last Army appropriation bill facts were called to the attention of the Senate showing that a large number of employees in some of the arsenals of the Government were about to be discharged because of the slowing down of the business; and strenuous appeals were made by the Senator from Pennsylvania [Mr. Knox] and others, as I recall, that we should not discharge those employees; that we ought to give them work merely for the purpose of keeping them in those arsenals. Now, this amendment proposes to build another arsenal. Why should we do that when some of the Senators were pleading a while ago for the dismissal of many employees because the Government did not need their services, while other Senators were insisting that they be kept in their positions because they had been there for many years?

Mr. LENROOT. Mr. President, I am not prepared to say that we do not need another arsenal or, at least, that present arsenals should not be enlarged in the near future. I do believe that if we are to have such a state of preparedness as we ought to have, we should have buildings and machinery equipped and run, perhaps, at a very low rate of production in time of peace, but installed, ready to secure a very largely increased production in time of emergency; but that situation does not confront us now, and it will not confront us this year or next year or the year after. We can well afford to wait for these expenditures until the condition of the Treasury and the condition of the country will warrant our engaging in these nonproductive things that may be necessary, and in my judgment will be necessary in the future, but are not necessary now under present conditions.

Mr. PHELAN. Mr. President, the Senator from Wisconsin [Mr. LENROOT] has proposed an amendment which will cover into the Treasury the proceeds of the sale of war-time arsenals which are recommended to be abandoned by the department, but the committee has reported in favor of taking these proceeds and increasing the facilities of the plant now conducted by the Government known as the Watervliet Arsenal and of creating

elsewhere a new plant to be known as the Aberdeen Ammunition Arsenal. These items aggregate over \$6,500,000.

The Senator from Wisconsin makes the point that there is no immediate necessity for providing for these increased facilities because we are now in a time of peace, and yet he does not deny that in time of peace we should prepare for war. I believe that in the old arsenal at Venice there is the inscription:

Happy is the city that thinks of war in time of peace.

So we have to be thinking of war in the time of peace. There are those who dispute the fact that we are now at peace. So far as I am aware, no treaty of peace has been ratified by the Senate, and I hear that there are dozens of small wars being waged throughout the world. A traveler from Russia informed me but yesterday that the United States will inevitably be drawn into the Russian or Siberian field, on account of the extraordinary conditions which exist there, unless we surrender our position in the Orient to another power. There is much disquiet in the Pacific, and there is no reason for us to believe that at any time there may not be an outbreak of hostilities, because, as was evidenced in the late war, the United States will not submit to repeated insults, indignities, and trespass upon well-established rights. So I do not agree with the Senator from Wisconsin when he says that we should not at this time consider as the principal question not the economy but the necessity of having provision made that in case of unexpected or expected hostilities we would be fully prepared to meet them.

Since the Pacific Ocean has loomed so large in Congress—and that is only in the last few years—which dictated the national policy of providing for keeping half the fleet in the Pacific for reasons which I may not go into at this time, I do not feel that I am speaking for a section when I advocate public improvements in the western part of this great country. I attended the meeting of the Military Affairs Committee recently to hear a discussion on this very question of arsenals, and there I learned, just as the Senator has learned, that the officials of the department are eager to employ the proceeds of the sale of dismantled plants for the establishment of new plants, and at the same time they tell you that there is no necessity for making these additions at the present time; in other words, that there are more arsenals in the country to-day than are required by our war necessities, they claim, either now or presently. But the fact developed—and it may give an idea to the Senator from Wisconsin—that there is no Federal industrial arsenal west of the Rocky Mountains; and in view of that fact, I prepared an amendment appropriating a certain sum of money for increasing the facilities of the Benicia Arsenal in California.

The Benicia Arsenal is located on the Bay of San Francisco, on land owned by the Government, 360 acres, most eligibly located at the confluence of two rivers and on the main railroad lines. The establishment has been there since 1860. It is located within 6 miles of the Mare Island Navy Yard, and that navy yard and the Military Establishment of the Pacific coast depend upon these eastern arsenals for their supply of artillery guns, howitzers, projectiles, and of munitions of all kinds. In the event of war on the Pacific, it will at once appear to the Senator that the Military and Naval Establishments will have to call upon the eastern arsenals for their supplies, for the repair of their guns, and for the relining of their cannon.

Col. King, of the Ordnance Department, was present at the hearing before the Military Affairs Committee and I asked him a question in these words, speaking of the conditions in Europe, where it had just been testified that \$20,000,000 had been spent upon one arsenal in the heart of France:

Of course, we were in great danger then. The armistice brought our peril to a close, and I suppose it was necessary to spend money with a lavish hand, but do you consider that there is also a menace on the Pacific coast, Col. King? Do you share the fear of the Navy in that respect, and if that is your belief should not there be an expenditure of Government money to prepare?

Col. KING. Well, it is a question. Of course, there is a menace. But it is a question of the advisability of building a large plant there—

That is, at Benicia—

when we have sufficient plants already to cover the needs.

Senator PHELAN. Well, suppose the enemy should by a very simple process cut off all access from the East by the bridges and the tunnels of the various railway lines, and probably by the obstruction of the Panama Canal by putting a pound of dynamite in the Culebra Cut, it would be very desirable then to have large storage facilities somewhere on the Pacific coast, and also repair plants and relining plants?

Col. RICE. Yes, sir; but if they cut us away from the east we would probably have to give up the Pacific coast.

Senator PHELAN. You would have to surrender?

Col. RICE. We would have to surrender.

The department admits that in case the vigilant enemy should destroy the mountain passes, bridges, and tunnels, which is a matter of no difficulty whatever, and should disable the Panama Canal, the United States would have to surrender the Pacific coast.

In view of that fact it seems to me perfectly apparent that if we are to expend any of the proceeds of the sale of the dismantled and needless war-time plants now in the East, as a matter of national policy some expenditure should be made in providing facilities on the Pacific coast, and this is not because the Pacific coast asks this as a matter of geographical consideration. We ask in legislation that there be distributed in the appointment of public officers among the various sections members of boards and commissions. We do not ask that in any sense of patronage but as a matter of national policy. An arsenal on the Pacific coast is a matter of national defense.

Therefore I am disposed to agree with the Senator from Wisconsin [Mr. LENROOT] that this money should not be used for increasing the facilities in the East, because admittedly there are facilities sufficient; but I differ with him in this, that the money should be covered into the Treasury for safe-keeping, but that appropriation should be made for giving some facilities to the Military Establishment and to the Naval Establishment upon the Pacific coast, in view of the fact that supplies from the East may be cut off in an emergency, which would render our Army and our Navy helpless in defense of the common country.

I have prepared an amendment, therefore, and my remarks are merely preliminary to its introduction, that one and a half million dollars may be appropriated for the maintenance, support, and development of the manufacturing industries and facilities of the Benicia Arsenal, California.

I say there is no manufacturing or industrial arsenal west of the Rocky Mountains. The Benicia Arsenal, or barracks, so called, now used for storage in a small way of military property and a small repair plant for small arms, is there, an established Government institution, without adequate funds for necessary expansion. I think \$50,000 a year has been the whole extent of the Government's interest in it in the past, where the Government owns 360 acres of the best located land on the Bay of San Francisco, and it seems to me the door is now open to the department and to Congress to take advantage of the situation, which will greatly strengthen our military arm and our fleet now in the Pacific, seeking these facilities. I submit to the Senator from Wisconsin the wisdom, therefore, not of covering all of this money into the Treasury, the proceeds of the sale of old and dismantled plants, but reserving some of it, as by my amendment, for the establishment of a much-needed arsenal on the Pacific coast.

Mr. LENROOT. Will the Senator yield for a question?

Mr. PHELAN. Certainly.

Mr. LENROOT. Why does the Senator think that because we sell Government property we should take the proceeds of the sale necessarily and use them for some other purpose? If an addition to the facilities at the arsenal that the Senator speaks of is necessary, why should we not appropriate for it outright, as we ought to do if it is necessary?

Mr. PHELAN. The Senator may have observed that I have not suggested in my amendment that this particular money be appropriated; therefore I will support his amendment, that the proceeds of the sale of these dismantled plants be covered into the Treasury, and I will let my amendment stand on its own merit.

Mr. WADSWORTH. Mr. President, I ask the Senator from Wisconsin if, as a matter of fact, his amendment, in merely authorizing the Secretary of War to sell these plants, does not leave in the bill the authority which the Secretary of War has now?

Mr. LENROOT. The only reason, I will say in reply, is that I assume that the committee, in making this authorization in the first amendment, had some purpose in making it, because such authorization is not contained in the second amendment.

Mr. WADSWORTH. The authorization is linked with and in the same sentence with the authorization to use some of the proceeds.

Mr. LENROOT. And the same is true of the second amendment. Why were different modes of treatment used with reference to the two amendments?

Mr. WADSWORTH. The second I have not discussed. I have been trying to confine the discussion to the first one, because the second has some elements in it which are quite different. The second one reads:

That the Secretary of War is hereby authorized to establish an arsenal to be known as the Aberdeen ammunition arsenal on land owned by the United States, situate in the county of Harford, State of Maryland, and within the tract now designated as the Aberdeen Proving Ground Reservation.

The language was drafted, as the Senator knows, in the War Department, and that was to be the establishment of a new institution. I suppose they thought it best to introduce the



subject by such an authorization for the establishment of an institution. Then it goes on to describe where it is to be situated, what it is to consist of, and then to fix the total cost, exclusive of material and machinery now owned by the Government, not to exceed five and a half millions, to be paid from the net proceeds derived from the disposition, by sale or otherwise, of these other war-time powder plants. So the effect is the same in both amendments.

Mr. LENROOT. That may be true, if there is no question about the authorization in the first instance. But I assumed the committee had some purpose in making the authorization.

Mr. WADSWORTH. No; the authorization is repeated, as it were, in order to link it with the authorization for the use of the proceeds.

Mr. LENROOT. I have retained the authorization, and I think if that is adopted it would tend to hasten the sale, I am very frank to say to the Senator, rather than if the entire amendment were eliminated.

Mr. WADSWORTH. If the Senator's amendment is agreed to, it merely authorizes the Secretary of War to do a thing which he has the right to do anyway. Of course, the real object, it seems to me, that the Senator should seek is to strike out the whole paragraph, for that is what we are really voting on.

Mr. LENROOT. I am in thorough sympathy with the sale of these plants which are not necessary, but I do not think the Secretary of War, in the exercise of an alleged discretion on his part, where he admits that the plants are not necessary, should say, "I will not sell these plants unless I can get the proceeds for my department." That is the effect of the position taken by the War Department, as the Senator well knows, and Congress ought to prevent any such action upon the part of any department of the Government. They admit these plants are not necessary, and they admit they ought to be sold, but they say, "We will not sell them unless we can have the money." Whether they get the money or not should be for Congress to say in specific appropriations, and not for the War Department.

Mr. WADSWORTH. There are a good many things the War Department has done of which I do not approve. I think, however, the Senator rather stretches his description in this particular case. The department has been quite frank with us in this matter. I ask the attention of the Senator from Utah [Mr. KING], who asked some question of the Senator from Wisconsin, as I want to read into the RECORD the statement which was presented to the committee by the officer authorized to make it on behalf of the Ordnance Department and with the approval of the Secretary of War:

The provision which we are asking for, Mr. Chairman, is for authority to dispose by sale of the cannon finishing plant, known as the Erie howitzer plant, at Erie, Pa., and to use not to exceed \$950,000 of the proceeds of the sale of this plant to erect at Watervliet Arsenal, Watervliet, N. Y., on Government-owned land, a plant for machining and assembling medium-caliber types of field cannon, and to move the machinery and equipment now installed or stored at the Erie howitzer plant to Watervliet Arsenal.

During the war it was necessary to construct plants for the manufacture of 155-millimeter howitzers, and upon an analysis of the facilities after the armistice it was found necessary to retain some facilities to protect the interests of the Government in case of future necessity. The retention of the Erie plant was approved by the Secretary of War on April 8, 1918. It has a capacity of 200 howitzers per month, and we have since transferred to that plant the machinery for the manufacture of 4.7-inch guns from Madison, Wis.

It has been the policy of the Ordnance Department to concentrate its facilities so far as possible in the arsenals. There is no floor space at the present time available for this machinery and equipment which the department has decided it is necessary to retain. Up to this time there has not been sufficient land at Watervliet Arsenal upon which to erect a building for this equipment, but with the procurement of additional land under a recent appropriation bill it is now possible to erect such a building.

The department has had several offers for the Erie howitzer plant, and it received one for a million dollars. I think that the plant itself is worth probably a million and a quarter. In case this building is put up at Watervliet Arsenal and the equipment moved to Watervliet Arsenal, it is estimated that from \$150,000 to \$300,000 would revert to the Treasury from the proceeds of the sale, and it is estimated that the cost of maintaining, guarding, and protecting the plant at Watervliet Arsenal would be \$14,450 less per annum than the cost of similar work at Erie.

Then, in another place he states that the offer of a million dollars for the Erie howitzer plant was accompanied by a certified check for \$50,000. The department did not accept that offer, I may say to the Senator from Wisconsin. They were actually negotiating for the sale of this plant. They were not trying to hold it. They thought they could get more than a million. They thought they could get a million two hundred and fifty thousand. The department has not taken the attitude that "we will not sell this plant unless you permit us to use the money elsewhere." The department negotiated for the sale of this plant before they ever made this proposition to the Con-

gress at all. Since they started the negotiations for the sale of the plant Congress has extended the area of the Watervliet Arsenal.

Now, the Ordnance Department and the War Department say to the Congress, "Why not sell this plant and use the proceeds for taking care of this machinery, installing it, keeping it ready for use, and, if necessary, using a little of it from time to time for peace-time production at Watervliet, where we already have an organization, no new overhead of any kind, a great arsenal going there for many, many years?"

Mr. OVERMAN. Is this a proposal to permit some officer of the Government to use the proceeds of the sale of Government property without an appropriation?

Mr. WADSWORTH. It is a proposal to use the proceeds of the sale to build another Government building, to sell one Government building and erect another.

Mr. OVERMAN. By whom?

Mr. WADSWORTH. By the Government.

Mr. OVERMAN. By what officers of the Government?

Mr. WADSWORTH. The War Department.

Mr. OVERMAN. Is it not against the policy of the Government to allow some officer to handle the proceeds derived from some sale instead of turning it back into the Treasury and having Congress appropriate it? That is against the whole policy of the Government. Here is a sale involving a million dollars. Where does the money go? Into the hands of the Secretary of War? If so, does he give a bond? The policy of the Government is to put the money into the Treasury and then have the Appropriations Committee, or some other committee, provide how the money shall be spent, and to appropriate the money out of the Treasury for some particular purpose. This is against the whole policy of the Government.

Mr. CHAMBERLAIN. Has not the Senator forgotten the Overman Act? Could they not do it under the authority of that act?

Mr. OVERMAN. No; they could not take any money that was not appropriated. They can not take a cent of money that is not appropriated by direct appropriation from the Treasury.

Mr. WADSWORTH. Yes; but they could transfer money appropriated for one purpose to another to a limited extent.

Mr. OVERMAN. But this does not propose to appropriate the money out of the Treasury. It proposes to transfer the money from the sale of property to some other officer of the Government, who has not given bond and who knows nothing about the keeping of accounts of the Government. Who is going to keep the accounts? It ought to be done directly by the Treasury Department. That has been the policy of the Government for a hundred years.

Mr. WADSWORTH. I do not think the Senator would contend that the Secretary of War or his authorized assistants are irresponsible. The Senator asked if he had given a bond.

Mr. OVERMAN. No; I am not saying that they are irresponsible. There is a business way of appropriating money and spending it. The Constitution provides how money shall be spent. It shall be spent through appropriations out of the Treasury, and the officials of the Treasury keep in touch with appropriations all the time. That, I say, has always been the policy of the Government.

Mr. WADSWORTH. I am perfectly well aware that that has been the general policy, and I think a healthy one, as a general rule. This is a proposal that a certain portion, a limited amount, of this money shall be used in a certain way, and under this amendment Congress provides what it shall be for, where the property shall be situated, and how much it shall cost. So it is a complete authorization by the Congress, made with eyes wide open.

Mr. LENROOT. Mr. President, I would like to have the Senator explain what reason there is for doing it in this way. If the committee thought \$950,000 was necessary, why was not the sale authorized and the money allowed to go into the Treasury, and then an appropriation made in the bill in the usual way?

Mr. WADSWORTH. Mr. President, the situation was this, as I tried to explain at the beginning: The War Department felt that were that property to be sold before some definite, assured disposition of the machinery could be made in advance, there might be a fall-down between those two transactions which would leave the department in an embarrassed position, unable, perhaps, if the Congress refused to make the appropriation later on because of some change in the situation, to take care of this situation in an economical way.

Mr. LENROOT. But, if the Senator will yield—

Mr. WADSWORTH. Certainly.

Mr. LENROOT. Just a few moments ago did not the chairman of the committee say in reply to me that I was mistaken

in making that very assertion, that the War Department were negotiating for the sale of this property, and the Senator denied my statement that they were refusing to let go of the property unless they had the money for their own use?

Mr. WADSWORTH. If the Senator is going to quote me, he must do it accurately.

Mr. LENROOT. I did so.

Mr. WADSWORTH. He did not. I said that the War Department made this proposal to us after it found that it was possible to take care of the machinery as a result of the enlargement of the Watervliet area.

Mr. LENROOT. But did not the Senator say that I was mistaken in the statement that they were refusing to sell the property unless they could have the proceeds for their own use?

Mr. WADSWORTH. As a general statement I think that is inaccurate. They have not adopted the policy of refusing to sell Government property unless they could have the proceeds. I cited the instance of their attempt at negotiations to sell the property before they ever asked permission to have the proceeds. They did not ask permission to have the proceeds until after they saw that they could use the proceeds in their judgment to the advantage of the Government.

Mr. LENROOT. But now the Senator admits that unless they can do this they are not willing to go on with the sale.

Mr. WADSWORTH. I do not.

Mr. LENROOT. That is the inference.

Mr. WADSWORTH. I have never said any such thing. They make this proposal to us. Not a word has come to us in any way to the effect that they do not want to sell it unless it can be done in this way. They merely make this proposal, which they regard as a business proposal in the interest of the Government. I give them credit for being perfectly sincere about it. Apparently the Senator from Wisconsin does not.

It is for the Senate to decide whether it thinks this is a good business proposal for the Government; but I do say, and I am not called upon to defend the Secretary of War or the War Department, that so far as the Erie plant is concerned, they have never taken the attitude that they would not sell it unless they could use the proceeds. I think it is unfair for the Senator from Wisconsin to attribute that motive to them in view of the history of the transaction.

Mr. LENROOT. But the Senator stated just a moment ago that they did not want to let go of this very plant unless the other one was provided. I certainly am not misquoting the Senator on that.

Mr. WADSWORTH. I have made that just as clear as I can. I am not going to discuss it further.

Mr. KING. May I inquire of the Senator—

Mr. WADSWORTH. I intended to explain to the Senate the next amendment, which is a quite different proposition.

Mr. KING. I shall be very glad to wait, then.

Mr. WADSWORTH. During the war the War Department built three large powder plants, one near Nashville, Tenn., called the Old Hickory plant, one at Tullytown, Pa., and one at Amatol, N. J. They were enormous undertakings. Much of the construction is temporary. I think they had scarcely reached any large production by the time of the armistice. They cost a very large sum of money. They can not be used to any advantage by the Government from now on. Mind you, these are the inheritance of the war and no one need blame the chairman of the Military Affairs Committee or the Committee on Military Affairs itself for any of these things.

The plant at Nashville, Tenn., a smokeless-powder plant, cost \$90,000,000. The plant at Tullytown, Pa., cost \$7,000,000. The plant at Amatol, N. J., cost \$17,000,000. Something ought to be done with them. There is some little equipment and machinery at them which is of a modern and permanent character and which could be used, but the buildings are of the usual frame construction, covering acres and acres of ground, an enormous undertaking run up, as it were, with matches and glue, pure war-time construction. There is something like \$120,000,000 in these three plants. They have to be gotten rid of.

Mr. KING. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Utah.

Mr. KING. Does the Government own any land upon which these flimsy structures were erected, or is it leased?

Mr. WADSWORTH. It owns nearly all the land under them; in fact, I think it owns it all. If it will interest the Senator from Utah and the other Senators present, I just wish to read something about this which has been submitted to us.

The Old Hickory plant, with the exception of a limited storage area and the land, the department thinks can be salvaged for

\$9,120,000. It costs to-day \$400,000 a year just to keep it there idle, doing nothing, to guard it and protect it and take care of it.

The Tullytown Arsenal they estimate can be salvaged for \$550,000. It costs \$45,000 a year to take care of that in its idle condition. The longer we keep them, of course, the more they cost to keep. The estimated salvage value of the Amatol Arsenal is \$1,320,000, and it costs \$75,000 a year to take care of that. These are great big ghostly cities of the dead. They are pathetic and ghastly to look at.

The Senator from New Jersey [Mr. FRELINGHUYSEN] reminds me that they served their purpose, but it might be well to amend that remark by saying that they would have served their purpose had the war gone on for another six months.

Mr. FRELINGHUYSEN. Mr. President, I think, in view of the fact that we made such tremendous preparations, it had its effect on the final result of the war. I know that these activities in my State near Amatol produced a high explosive consisting of T. N. T. and nitrate of soda, I think. They melted a high explosive the formula of which was procured from the Austrians by the English, who loaned the formula to us, and over 1,000,000 shells, I understand, were shipped from the arsenals at Amatol and Morgan in one month. Undoubtedly that had some influence on the final result.

Mr. WADSWORTH. It is proposed to sell these plants. Of course, as the Senator from Wisconsin [Mr. LENROOT] will admit with me, the Secretary of War has the right to sell them now; at least, I understand he has. There is some material in them, however, that is pretty valuable that the Government wants to keep—some of this powder-making machinery. They estimate that that can be sold to the net advantage of the Government for \$11,000,000. They urge that it be done mightily quickly, because it will deteriorate in value inevitably; and in addition to that it is not at all sure that prices for the kind of material of which they are composed will stay at their present level, and even if they did not deteriorate materially, the value of the salvage itself would go down.

The proposal is to take of that \$11,000,000 \$500,000 and put up a powder arsenal, an arsenal which will also machine the medium and light caliber shells, at Aberdeen, at which place the Government already owns complete and well-equipped ordnance proving grounds and near which place, just a short distance away, the Government already owns complete and permanent gas-shell building plant. The proposal is to use that new arsenal to manufacture powders on the restricted scale—and I may say that a \$5,500,000 arsenal would not be able to meet war-time demands by any means; it is merely peace-time demands—to use it for experimental and research purposes in connection with the manufacture of these powders, and also to manufacture and experiment with gas shells and other kinds of artillery projectiles of smaller caliber.

If that is done, the Picatinny Powder Arsenal, in New Jersey, which the Government owns and has operated for several years, will no longer be used as a powder-manufacturing arsenal and it will be reverted to an ordnance storage depot, which it used to be several years ago, before it was transformed into a powder factory.

The storage space at Picatinny is worth \$550,000, and the annual estimated maintenance saving will, according to the department, be \$520,000. They say:

If the proposed legislation is enacted, the War Department proposes to salvage the manufacturing areas and the major portion of the housing and service areas immediately and later, when the present need has passed, to salvage the storage areas of the three plants.

If the proposed legislation is not approved, it will be necessary to retain Amatol Arsenal in serviceable condition, to retain a considerable portion of Tullytown Arsenal in serviceable condition, or establish such facilities at Picatinny, and either to retain at least one smokeless powder line at Old Hickory in serviceable condition or to renovate the smokeless powder plant at Picatinny Arsenal. One powder line at Old Hickory is so large (100,000 pounds of powder per day) as to render its operation very expensive except at full capacity. The smokeless powder line at Picatinny is considerably out of repair and of very old design and antiquated equipment, and would require considerable expenditure to make it efficient.

The proposed ammunition arsenal will be located on the Aberdeen proving grounds reservation, adjacent to the Edgewood Arsenal on Gun Powder Neck. The acquisition of additional land will not be required unless in a small way in connection with the water supply, as sufficient land is now available on the reservation for the existing establishments and for the proposed ammunition arsenal.

The Ordnance Department has at present no establishment which can be termed an ammunition arsenal. Frankford Arsenal has a small capacity for shell and fuses, Picatinny Arsenal a small capacity for powder, explosives, and shell loading, and Chicago Arsenal space where shell-making machinery is stored but not installed. Picatinny Arsenal has fundamental deficiencies which militate against its use as an ammunition arsenal.

We lay this before the Senate merely as a business proposition. Apparently it is the purpose of the War Department, especially the Ordnance Department, to concentrate these things into a few places, to get rid of the scattered institutions which



are exceedingly hard to get rid of unless at the same time you have a program laid down which will enable you to take care of some of the facilities and machinery at these great war-time plants which the Government ought to keep and wants to keep.

So the Senate committee decided to lay the matter before the Senate, just as the Erie howitzer plant matter was laid before the Senate. If we do not sell these plants pretty soon, we will not get 2 cents on the dollar for them. If we sell them promptly and lay down a program for taking care of the things in these plants that we do not want to sell, that we want to move somewhere else and concentrate, we can get something like 10 cents on the dollar.

Mr. KING. Will the Senator permit a question?

Mr. WADSWORTH. Certainly.

Mr. KING. Did the investigations before the committee establish the fact that the plant in Pennsylvania and the one in New Jersey, to which the Senator has just referred, would not be available for the performance of the work which was to be accomplished by the new plant to be established at Aberdeen? In other words, why could not the Government utilize one of the existing powder factories instead of constructing another at the Aberdeen grounds?

Mr. WADSWORTH. Mr. President, the Picatinny Powder Plant is a comparatively small concern which is equipped merely to make smokeless powder. According to the department, it is not feasible to enlarge it. There are questions of water supply and other considerations which make it difficult to do so on an economical basis. The department wants to take the powder-making function away from Picatinny, combine it with the shell-making function, carry on two functions at one place, on land already owned by the Government, and use Picatinny as an ordnance storage depot, as it was used four years ago, and save thereby \$520,000 a year.

Mr. FRELINGHUYSEN. Mr. President, the proposition seems to me to be a practical business one. We find the Ordnance Department maintaining three large, temporary, expensive manufacturing plants, great balloon structures that have to be guarded and repaired, the roofs of which have to be taken care of, because there is stored under them extensive machinery that otherwise will rust. The question is, Shall we continue to appropriate money to care for the maintenance of three useless plants? That is the proposition, and there should be no argument on that. They should be abandoned; the buildings should be demolished; the machinery should be salvaged; and if we do not give authority to do it this year, it means that we shall carry the matter over to next year and the same appropriation will come up.

The question of using a part of the proceeds from the result of salvaging in erecting a necessary shell-casing manufacturing plant is also one of policy. We have got to keep up the preparedness program to a certain extent; but if we can recover \$11,000,000 or \$12,000,000, it seems to me to be a wise business proposition to get rid of the expensive maintenance costs of these useless plants.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. FRELINGHUYSEN. I yield.

Mr. KING. The explanation which the Senator from New Jersey makes, supplementing the statement made by the Senator from New York [Mr. WADSWORTH], would seem to justify the recommendations of the committee that these three plants be disposed of. I am not yet satisfied, however, from the explanations that I have heard, that there is any necessity for the construction of another plant at Aberdeen. My information is that we had so many plants constructed during the war, and some before the war, for the manufacture of powder and ordnance and all forms of war equipment that there is no necessity now for constructing any additional plants; but the plan suggested by the committee now contemplates the demolition of three plants and the construction of another plant, with the utilization of a portion of the machinery in the three in the construction of the fourth.

I certainly am in favor, with the explanation which I have heard, of a peremptory order for the sale of the three plants; but I have some doubt as to whether we should permit the War Department to make the sale. I have not any particular confidence in the business ability of the War Department to handle these matters. They have not exhibited any very great sagacity or business ability or that common sense that ought to characterize organizations in the handling of the funds which are wrung from the people by taxation.

Mr. FRELINGHUYSEN. If I may ask the Senator a question, who would he have salvage these buildings?

Mr. KING. I am not so sure as to whether we are justified in creating a new organization for the purpose, because the more

organizations we have apparently the greater difficulties we encounter and the more lost motion and the more waste and extravagance. I frankly repeat that the conduct and record of the War Department, in the disposal of the hundreds of millions of dollars of property that were on hand at the close of the war, have not been such as to warrant any particular encomium. It has been slow and tardy and wasteful in its handling of the vast amount of war material which was on hand at the close of the war.

It seems to me, however, that these buildings ought to be disposed of, unless it is the one in New Jersey. Perhaps that ought to be retained for the purpose of manufacturing powder, although the explanation made by the Senator from New York is not convincing that we need another powder factory.

Mr. FRELINGHUYSEN. I think, so far as the condemnation of the administration which has been made by the Senator from Utah is concerned, I shall not disagree with him. He may qualify as an expert as to that.

However, to get down to the practical side of this question, unless we let the War Department do the work, what agency of the Government is going to do it? The question is right up to this Congress, What are we going to do with these great, useless plants? The only people who know how to salvage the machinery are the Ordnance Department; and I must say that, so far as the Ordnance Department is concerned, I think they are efficient, and that they will do the work efficiently and less expensively probably than would any other agency of the Government.

Now, as to the question of another plant to manufacture cartridge casings or for loading cartridges and making ammunition, it is necessary that the Aberdeen Proving Grounds test the guns which are produced, and it is necessary to prove the ammunition. Therefore, in the effort to concentrate in one central place, it would seem practicable that they utilize this machinery for that purpose.

So far as Picatinny is concerned, Picatinny, I understand, is a smokeless-powder arsenal. It has been a permanent establishment for many years, but I do not think it is equipped for making ammunition. I think it is simply a smokeless-powder manufacturing arsenal. In their effort to concentrate at Aberdeen, the Ordnance Department have asked that a part of the proceeds derived from the sale of certain plants and material may be made available in order that they may use this machinery for the necessary purposes of the Army.

Mr. KING. Mr. President, will the Senator permit another inquiry?

Mr. FRELINGHUYSEN. I yield.

Mr. KING. The Senator appreciates that any construction of plants now, in view of the shortage of labor and the high prices of all commodities, will involve a very great expense upon the Government. I should like to inquire of the Senator whether or not the exigencies of the situation require the construction of a new plant at this time? Why may not these three plants be salvaged, the Government deriving the very best price possible from them, and then when the necessity arises for the construction of another plant let the department appeal to Congress to secure the appropriation?

I agree entirely with the Senator from North Carolina [Mr. OVERMAN]. I believe that it is a very unwise policy to permit executive agencies to make disposition of property, whether real or personal, and then turn around and, without an appropriation by Congress or without making an accounting to Congress of the funds derived, expend them for some other purpose. That policy I believe makes for extravagance and waste. I think that when property belonging to the Government is sold the proceeds ought to be covered into the Treasury of the United States; there ought to be a full accounting made to the Government, and then if the same department must have funds for some legitimate purpose let them make the proper representations to the legislative branch of the Government and obtain the needed appropriation therefor.

Mr. LENROOT. Will the Senator yield?

Mr. KING. I am very glad to yield.

Mr. LENROOT. The Senator will remember that the definite policy fixed by Congress before the war and carried out in every instance, according to my recollection, was that in no case should any department of the Government be permitted to use funds which came from the sale of property or other income, but in every case such money was required to be deposited in the Treasury and appropriations regularly made in order to permit its use.

Mr. KING. I recall that, Mr. President, and it would seem that if there could be any justification for a departure from that policy the justification might arise during the exigency of

war. If during war times and in hours of supreme crises that policy was adhered to, there can be no reason for a departure from that policy in the halcyon days of peace.

I think that the committee amendment in its present form is unwise; I am not satisfied with it. I agree with the Senator from New York and the Senator from New Jersey that we ought to dispose of those three plants, from the statements which they have made, and if the department will not do that I think a mandatory direction should emanate from Congress that will secure prompt action.

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). The question is on the amendment of the Senator from Wisconsin to the amendment reported by the committee. Without objection, the amendment to the amendment is agreed to.

Mr. WADSWORTH. No, Mr. President; there is objection.

The PRESIDING OFFICER. Without objection, the question will be reconsidered. The Chair will put the question again. [Putting the question.] The ayes appear to have it.

Mr. WADSWORTH and Mr. FRELINGHUYSEN called for a division.

The PRESIDING OFFICER. A division is called for.

Mr. WADSWORTH. Mr. President, is it possible for me to make a parliamentary inquiry at this point in the midst of a vote?

The PRESIDING OFFICER. The Chair presumes so; the Chair thinks the rule applies only while a roll call is proceeding.

Mr. WADSWORTH. I happened to overhear the Senator from Wisconsin make a remark which would indicate that he thinks we are voting to strike out the whole amendment except the first four lines.

Mr. LENROOT. I understand the question.

Mr. WADSWORTH. I thought I heard the Senator say that the amendment, if agreed to, would strike out the whole item of \$6,000,000.

Mr. LENROOT. The pending question relates only to the item of \$950,000; the other item will come next.

Mr. WADSWORTH. I should like to have the vote on that separate. I ask that the amendment be stated.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from Wisconsin to the amendment reported by the committee.

The READING CLERK. In the committee amendment on page 61 it is proposed to strike out, after the word "Pennsylvania," down to and including line 12 and insert "and the proceeds of such sale shall be deposited in the Treasury of the United States to the credit of 'Miscellaneous receipts.'"

Mr. KING. Mr. President, a parliamentary inquiry. Have we proceeded so far in voting upon this matter that an inquiry of the Senator from Wisconsin or the Senator from New York would be improper? I wish to make an inquiry, because that will guide me in my vote.

The PRESIDING OFFICER. The Senator may make his inquiry.

Mr. KING. Mr. President, I should like to ask the Senator from Wisconsin whether, in his opinion, this amendment is mandatory and requires the sale of the property, or whether, if his amendment prevails, discretion may be exercised by the department, so that it might refuse to sell the property?

Mr. LENROOT. Discretion would still be left with the department, but, inasmuch as the chairman of the committee states that the Secretary now has this authority, I think the Secretary in all fairness would regard it as a direction upon his part to sell.

Mr. WADSWORTH. I suggest the absence of a quorum, if that is to be the question.

The PRESIDING OFFICER. The Senator from New York suggests the absence of a quorum. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ball	Harding	McKellar	Smith, Md.
Borah	Henderson	New	Smith, S. C.
Brandegee	Hitchcock	Norris	Smoot
Calder	Jones, N. Mex.	Nugent	Spencer
Chamberlain	Jones, Wash.	Page	Stanley
Comer	Kellogg	Phelan	Sterling
Dial	Kendrick	Pittman	Thomas
Edge	Kenyon	Polindexter	Townsend
Fall	Keyes	Pomerene	Trammell
Fernald	King	Ransdell	Wadsworth
France	Lenroot	Sheppard	Walsh, Mass.
Frelinghuysen	Lodge	Simmons	Warren
Gay	McCumber	Smith, Ariz.	Watson

Mr. SMOOT. I wish to announce the absence of the Senator from Kansas [Mr. CURTIS] on official business.

Mr. McKELLAR. The junior Senator from Virginia [Mr. GLASS], the Senator from Mississippi [Mr. HARRISON], the Senator from Alabama [Mr. UNDERWOOD], the Senator from North Carolina [Mr. OVERMAN], the senior Senator from Virginia [Mr. SWANSON], the Senator from Montana [Mr. WALSH], the Senator from Arkansas [Mr. ROBINSON], and the Senator from Georgia [Mr. HARRIS] are absent on official business.

The PRESIDING OFFICER. Fifty-two Senators having answered to their names, there is a quorum present. The question is on the amendment of the Senator from Wisconsin [Mr. LENROOT].

Mr. WADSWORTH. Mr. President, my view of this situation has been stated at some length, and I do not intend to repeat it.

If the amendment of the Senator from Wisconsin is adopted it will merely result in leaving language in the bill which will authorize the Secretary of War to sell the Erie howitzer plant. As the Senator from Wisconsin says, and I think he says correctly, if that language is left in this bill and nothing else, the Secretary of War may regard it as a direction on the part of the Congress. He may regard himself as in duty bound to sell that plant. Now, are we ready to direct him to do it? Does the Senator from Utah or the Senator from Wisconsin or any other Senator believe that he knows enough about that situation—the disposal of the machinery, the storage of it somewhere else, the moving it about with no program in advance, the prices that can be obtained, and so forth—to direct, in effect, the Secretary of War to sell it, as the Senator from Wisconsin says?

I would prefer, if the Senate does not like this proposal which comes from the War Department and which the committee has laid before the Senate, to strike out the whole thing rather than to adopt the amendment of the Senator from Wisconsin.

Mr. LENROOT. Mr. President, is the Senator willing to accept an amendment striking out the whole thing?

Mr. WADSWORTH. No; the Senator knows I am not.

Mr. KING. Mr. President, will the Senator permit an inquiry?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. WADSWORTH. I do.

Mr. KING. Suppose the entire provision is stricken out. Will the Senator indulge in prophecy and advise the Senate what he thinks the War Department would do with respect to those other three plants—the powder plants—the one which cost \$70,000,000, the one costing \$17,000,000, and the one costing \$7,000,000? Would the Secretary continue to keep them, at the expense to which the Senator has referred, or would he make disposition of them?

Mr. WADSWORTH. The Senator is referring to the powder plants?

Mr. KING. Those three, yes; the one in Pennsylvania, the one in New Jersey, and the one in Tennessee.

Mr. WADSWORTH. This is what they say will be necessary if the legislation is not adopted which would give them a chance to put some of this machinery at Aberdeen:

It will be necessary to retain Amatol Arsenal in serviceable condition, to retain a considerable portion of Tullytown Arsenal in serviceable condition, or establish such facilities at Picatinny, and either to retain at least one smokeless-powder line at Old Hickory in serviceable condition, or to renovate the smokeless-powder plant at Picatinny Arsenal.

That is what they say. That means that they will retain a portion of those great war-time arsenals in serviceable condition, and will try to do what they can with the rest. We propose that they get rid of the whole of them and move the machinery to a central point and put it under one overhead; so I think we are going pretty far when we in effect direct them to sell the whole thing, because, frankly, neither the Senator from Utah nor myself knows enough about it.

Mr. LENROOT. But if the Senator will yield, if my amendment is adopted the only inferential direction would be as to the howitzer plant at Erie. My amendment was to strike out the whole of the section.

Mr. WADSWORTH. Yes; I referred to that a moment ago, and I do not think we know enough about that situation to direct, by inference or otherwise, the sale of the Erie howitzer plant. If we had all visited it, gone over it, and gotten some idea about it, it would be different.

Mr. KING. Mr. President, as I understand the memorandum which the Senator from New York has read—and I presume it is a memorandum furnished by the War Department—and the statement made by the Senator and the testimony given before the Committee on Military Affairs, the War Department takes the position that it is those three powder factories, one of which



cost \$70,000,000, another one of which cost \$17,000,000, and another one of which cost \$7,000,000, which they think they can sell for about \$10,000,000. They do not need them. The cost of maintaining them is enormous, perhaps five or six or seven hundred thousand dollars a year; but unless we will permit them to construct another plant at Aberdeen, they will probably keep those plants, because they need some of the machinery which is in each of them, and therefore they will renovate them—to use the expression in the letter—and maintain the three plants, instead of salvaging them and housing such machinery as may be retained.

It seems to me that the record which the War Department itself has presented shows that all of these plants ought to be salvaged; that it is the duty of the War Department to salvage them, regardless of any authorization for the construction of another plant, and that if the War Department does not salvage them it ought to be directed to proceed and make disposition of them at the earliest possible moment, and then Congress may determine whether or not another plant is necessary.

Mr. THOMAS. Mr. President, does the Senator think that the War Department has power to salvage these plants without some authorization of Congress?

Mr. KING. I express no opinion upon that subject; but I have understood from the debate, from the statements made by the Senator from New York, and from the questions if not the reply of the Senator from Wisconsin, that existing law authorizes the disposition of these properties.

Mr. THOMAS. I am not prepared to challenge the accuracy of that statement—it may be so—but the Senator knows that local interests are always aroused when any attempt is made by the Government or any Government agency to salvage or remove or destroy or in any wise interfere with a Government institution. Therefore, without some positive authorization, I think the department would rather shrink from the ordeal of voluntarily doing so because of the storm of local protest and resentment that would be aroused.

There is the difficulty. These plants are scattered over the country in time of war, and when the necessity for economy arises after peace is established each locality possessing some Government agency insists upon retaining it, and, while quite willing to see others dismantled, is clamorous for the retention of its own. It is that conflict of interest, thus aroused, that will embarrass the department and make it, I think, impotent to accomplish anything in the absence of a specific congressional direction, and that is what is designed to be accomplished by this amendment.

On the other hand, the capacity of the plant at Aberdeen needs reinforcement, and the reinforcement can come from the machinery and the appliances which are now in these other places, and which must be maintained, in the sense that they must be taken care of, at a continuing cost of from four to five hundred thousand dollars a year.

Mr. LENROOT. Mr. President, the chairman of the committee intimated that he did not think either the Senate or the committee had sufficient information to pass upon the question whether the howitzer plant at Erie should be sold at all unless a new building is provided at Watervliet Arsenal. If it be true that neither the committee nor the Senate has sufficient information to pass upon the question at this time, the entire provision should be eliminated. If the committee has not sufficient information to know whether the plant at Erie, Pa., should be sold at all in the interest of the Government, it has not sufficient information to say that a new plant should be constructed at Watervliet, N. Y.

The fact is—and it is no reflection upon the committee in saying it—that the reason why it is attempted to be secured in this way is because there seems to be a theory upon the part of somebody that if they use the proceeds of the sale of Government property it is not the people's money. Why are they not willing to come to Congress and ask for an appropriation in the usual way for a building at Watervliet, and ask for an appropriation out of the Treasury in the usual way for a new arsenal at the Aberdeen Proving Ground? It evidently is because, if this money is to be considered as money belonging to the people in the Treasury of the United States, they fear they would not get the appropriation, but if they can get the Senate and the committee to treat the money as something belonging not to the Government but to the War Department, then the appropriation ought to come very much easier.

Mr. President, I regret that the Committee on Military Affairs takes any such attitude with reference to these appropriations. The Committee on Military Affairs ought to be willing to have every dollar of the proceeds of these sales go into the Treasury and the committee then pass independently upon what new con-

struction is needed and appropriate for it. That is the business-like way of doing it. That is the way it ought to be done. But I am afraid that if that were done the committee itself would not recommend the expenditure of this \$6,000,000. I am afraid that it is recommended upon the theory that this is no expense to the people, because it is the proceeds of the sale of Government property.

Mr. President, this is not the way to handle the finances of the Government. Government property should be considered just as much the interest of Congress and the proceeds of the sale of Government property should be considered just as carefully and economically as money raised by taxes, because it all amounts to the same thing in the end, anyway.

Everyone admits that this property ought to be sold and everyone admits that there is no immediate necessity for the use of any of the machines, at least to any considerable extent. It is admitted that the machines can be stored in storage facilities until Congress can have an opportunity, when the condition of the Treasury will warrant it, of passing upon the merits of these two propositions, as to whether this addition should be made at Watervliet Arsenal and as to whether a new arsenal should be constructed at the Aberdeen Proving Ground.

Why not, in view of the present condition of the Treasury and in view of the labor shortage in the country, sell the things which all admit the Government does not longer need, and then leave it to the committee and to Congress at the next session to make such appropriations as the merits of the case will warrant?

Mr. FRELINGHUYSEN. Mr. President, I think the inference the Senator from Wisconsin has drawn against the committee is entirely unjust. It is quite true that the committee have neither the time nor the ability, I will say, to look into all of these technical propositions. The Senator has said "sell this machinery." Where will you find a market for gun-making machinery?

Mr. LENROOT. Will the Senator yield?

Mr. FRELINGHUYSEN. I yield.

Mr. LENROOT. I am only proposing the sale of that which the department says can be sold and which it will sell provided they can use the proceeds, that is all.

Mr. FRELINGHUYSEN. This is the problem. Possibly the committee is not as fully informed as they should be—

Mr. LENROOT. I am not reflecting on the committee.

Mr. FRELINGHUYSEN. Possibly we have neglected our duty—

Mr. LENROOT. Not at all.

Mr. FRELINGHUYSEN. But we have done our best—

Mr. LENROOT. I agree.

Mr. FRELINGHUYSEN (continuing). In the hearings to gain all the information that was procurable from the War Department and everywhere else. What is the simple proposition we have to face? We have these great plants manufacturing war materials, with expensive machinery, with expensive electric plants, with expensive fire protection, engines, boilers, machinery.

That property is valuable. It is Government property. The Senator suggests that it be sold or otherwise disposed of, or that the buildings be demolished, and then that they come to Congress for an appropriation to build new buildings and utilize this machinery. Suppose they demolish these buildings or sell part of the machinery, and then they come to Congress, and they have no appropriation, and they have the machinery on their hands. They would have to pay for the storage, which would amount to almost as much, possibly, as the expense of building a new plant. Consequently they try to complete it in one transaction, following the policy of the War Department, building the new building, utilizing it for the needs of the Army, and using the old machinery and salvaging it. It is a perfectly reasonable proposition and perfectly practicable, and I, for one, have some confidence in the Ordnance Department and in their ability. They accomplished great wonders during the war, and if they come to us with a statement and a plan of this kind we believe them, and we have some confidence and faith in them. Possibly it may be unwise, but to draw the inference that the committee have not done their duty and are not doing their duty in entertaining a proposition of this kind, which is a common-sense, practical, business proposition, I think is unfair and unjust to the committee.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Wisconsin?

Mr. FRELINGHUYSEN. I yield.

Mr. LENROOT. I do not wish to make any reflection upon the members of the committee. I do not believe there is a committee of harder working Members in the Senate, and that is

especially true of the chairman of the committee and the Senator from New Jersey. They are not only giving all their time to the question, but also their great ability. The remark I did make was that the chairman of the committee stated that the committee did not have sufficient information as to whether this property should be sold or not independently of this new construction, and I stated then that if that was so, the committee did not have sufficient information as to whether anything of this kind should be done.

Mr. WADSWORTH. May the Senator from New York qualify what he is supposed to have said? The committee felt that it was authorized in directing the sale of this property in the event that the machinery now housed in it would be taken care of elsewhere. The War Department assures us that this machinery is of value, that it ought to be taken care of, that it is now scattered in several different places, and that they want to concentrate it in one or two places.

We said, "All right; we will authorize you to sell these great powder plants, for example, and put the machinery that you want to save out of them in one place." We do not feel well enough informed in regard to it to direct them to sell all these great properties without some assurance that the machinery will eventually be taken care of on an economical basis.

Mr. LENROOT. There is just the difficulty—

Mr. WADSWORTH. I have no faith in this temporary storage business. I have seen it going on long enough.

Mr. LENROOT. The Senator does well to inject that remark, but the Senator must be aware and the Senate must be aware that there must be temporary storage for every pound of this machinery if this amendment is adopted. They have to store it temporarily in any event, because they get no money to put up any of these buildings except the proceeds of the sale of these plants, and between the time of their securing the proceeds of the sale of these plants and the construction of these buildings this machinery must be stored temporarily somewhere, and if it must be stored temporarily somewhere for one year it can be temporarily stored for two years.

Mr. WADSWORTH. Yes; and 10.

Mr. LENROOT. And 10; and the Government can save, in view of the present condition of the Treasury, that amount of money, and keep the machinery in temporary storage, if need be, as long as it has to go there anyway, until we can afford to make the necessary appropriations for these buildings.

Mr. WADSWORTH. Mr. President, the longer you keep a thing in temporary storage the more expensive it becomes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LENROOT] to the amendment of the committee.

Mr. LENROOT. I ask for the yeas and nays.

The yeas and nays were ordered, and the Reading Clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I have a pair with the junior Senator from Colorado [Mr. PHIPPS], which I transfer to the senior Senator from Oklahoma [Mr. GORE] and vote "yea."

Mr. KENDRICK (when his name was called). I have a general pair with the Senator from New Mexico [Mr. FALL]. In his absence, I withhold my vote.

Mr. SMITH of Maryland (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM]. In his absence I withhold my vote.

Mr. SMITH of South Carolina (when his name was called). I have a general pair with the Senator from South Dakota [Mr. STERLING]. I do not now see him in the Chamber. I will vote and in case he does not come in I shall withdraw my vote, unless I am able to obtain a transfer. I vote "nay."

Mr. TRAMMELL (when his name was called). I have a general pair with the Senator from Rhode Island [Mr. COLT]. In his absence, being unable to obtain a transfer, I withhold my vote.

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. WOLCOTT]. I transfer that pair to the senior Senator from Minnesota [Mr. NELSON] and vote "nay."

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE], who is unfortunately very ill and therefore absent, to the Senator from Tennessee [Mr. SHIELDS] and vote "nay."

The roll call was concluded.

Mr. BALL. I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I am informed that if he were present he would vote as I am about to vote, and I therefore am at liberty to vote. I vote "nay."

Mr. FERNALD. I have a general pair with the junior Senator from South Dakota [Mr. JOHNSON], which I transfer to the senior Senator from Kansas [Mr. CURTIS] and vote "nay."

Mr. EDGE. Has the junior Senator from Oklahoma [Mr. OWEN] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. EDGE. I have a general pair with the junior Senator from Oklahoma, and in his absence I withhold my vote.

Mr. BECKHAM. I have a general pair with the senior Senator from West Virginia [Mr. SUTHERLAND]. In his absence I withhold my vote.

Mr. TRAMMELL. I transfer my pair with the Senator from Rhode Island [Mr. COLT] to the Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

Mr. SMITH of Maryland. I transfer my pair with the Senator from Vermont [Mr. DILLINGHAM] to the Senator from Florida [Mr. FLETCHER] and vote "nay."

Mr. SMITH of South Carolina (after having voted in the negative). I transfer my pair with the Senator from South Dakota [Mr. STERLING] to the Senator from Rhode Island [Mr. GERRY] and allow my vote to stand.

Mr. NELSON. In my absence the Senator from Indiana [Mr. WATSON] transferred his pair with the Senator from Delaware [Mr. WOLCOTT] to me. I transfer that pair to the Senator from Iowa [Mr. CUMMINS] and vote "yea."

Mr. SHERMAN (after having voted in the negative). Has the junior Senator from Virginia [Mr. GLASS] voted?

The PRESIDING OFFICER. He has not.

Mr. SHERMAN. I am paired with that Senator and therefore withdraw my vote.

Mr. SMOOT. I wish to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is paired with the Senator from Arkansas [Mr. KIRBY]. I wish also to announce that the Senator from Kansas [Mr. CURTIS] is absent on official business.

Mr. McLEAN. I have a pair with the Senator from Montana [Mr. MYERS], which I transfer to the Senator from West Virginia [Mr. ELKINS] and vote "yea."

The result was announced—yeas 27, nays 31, as follows:

#### YEAS—27.

Borah	Kellogg	McKellar	Phelan
Capper	Kenyon	McLean	Pomerene
Dial	Keyes	McNary	Sheppard
France	King	Moses	Smoot
Gay	Lenroot	Nelson	Townsend
Harrison	McCormick	Norris	Walsh, Mass.
Jones, N. Mex.	McCumber	Nugent	

#### NAYS—31.

Ashurst	Harding	Simmons	Trammell
Ball	Henderson	Smith, Ariz.	Underwood
Brandagee	Jones, Wash.	Smith, Md.	Wadsworth
Chamberlain	Knox	Smith, S. C.	Walsh, Mont.
Comer	Lodge	Spencer	Warren
Fernald	New	Stanley	Watson
Frelinghuysen	Page	Swanson	Williams
Hale	Poindexter	Thomas	

#### NOT VOTING—38.

Beckham	Fletcher	Kirby	Reed
Calder	Gerry	La Follette	Robinson
Colt	Glass	Myers	Sherman
Culberson	Gore	Newberry	Shields
Cummins	Gronna	Overman	Smith, Ga.
Curtis	Harris	Owen	Sterling
Dillingham	Hitchcock	Penrose	Sutherland
Edge	Johnson, Calif.	Phipps	Wolcott
Elkins	Johnson, S. Dak.	Pittman	
Fall	Kendrick	Ransdell	

So Mr. LENROOT's amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The question recurs on the amendment proposed by the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. The next amendment passed over will be found on page 61, to insert, beginning with line 13, the following:

That the Secretary of War is hereby authorized to establish an arsenal, to be known as the Aberdeen ammunition arsenal, on land owned by the United States, situate in the county of Harford, State of Maryland, and within the tract now designated as the Aberdeen Proving Ground Reservation; to erect such permanent buildings as may be required for the establishment of that arsenal; to acquire by purchase or condemnation such additional lands or interests therein, including riparian rights, easements, and rights of way and other rights as may be necessary to provide an adequate water supply for said arsenal; all at a total cost, exclusive of material and machinery now owned by the Government, of not to exceed \$5,500,000, to be paid from the net proceeds derived from the disposition by sale or otherwise of such parts of the Government plants, surplus supplies, and equipment, except land at Tullytown, Pa., Amatol, N. J., and Jacksonville, Tenn., as are not required; the money thus obtained to be immediately available and to continue available until expended.

The PRESIDING OFFICER. Without objection, the amendment will be agreed to.



Mr. LENROOT. I do not ask for a roll call, but I should not like to have the Record show that the amendment was agreed to without objection.

Mr. PHELAN. I call for a division.

Mr. KING. The amendment we are voting on is with respect to the establishment of the Aberdeen arsenal?

The PRESIDING OFFICER. That is the amendment now pending.

Mr. KING. I thought that was involved in the former amendment. I understand the proposition is now to determine whether we shall authorize the expenditure of approximately \$5,500,000 for the construction of a new plant.

Mr. WADSWORTH. Out of the proceeds of the old plant.

Mr. PHELAN. Mr. President, I understand that in voting "yea" upon the question we support the committee and in voting "nay" we support the contention of the Senator from Wisconsin [Mr. LENROOT], eliminating the discretion given to the Secretary of War and not expending the proceeds of the sale of the old site on a new plant. Am I correct in that?

The PRESIDING OFFICER. Those voting "yea" will vote to sustain the committee. Those voting "nay" will vote against the committee amendment which has just been read.

Mr. LENROOT. A vote "nay" will mean that if these plants are sold the money must be covered into the Treasury and a new appropriation made for the disposition of the proceeds.

On a division, the amendment was rejected.

Mr. WADSWORTH. I shall ask for a vote in the Senate upon the amendment.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The READING CLERK. On page 7, line 14, after the word "records," the committee report to insert, "and for the employment of clerical help required to furnish to the adjutants general of the several States statements of service of all persons from those States who entered the military service during the war with Germany, is hereby reappropriated and made available for the fiscal year 1921, for all expenses, including the employment of clerical and other help in the office of The Adjutant General of the Army, necessary for the completion and preservation of the selective-service records and the completion of the work of furnishing statements of service to adjutants general of States: *Provided*, That this appropriation shall be disbursed by such officer as may be designated by the Secretary of War for the purpose," so as to make the paragraph read:

The unexpended balance of the \$3,500,000, reappropriated in the Army appropriation act for the fiscal year 1920, approved July 11, 1919, for the completion, preservation, and transportation of the records pertaining to the draft under the act entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917, including the employment of the necessary clerical and other help for duty in the office of The Adjutant General of the Army in connection with the arrangement, operation, and maintenance of the files of those records, and for the employment of clerical help required to furnish to the adjutants general of the several States statements of service of all persons from those States who entered the military service during the war with Germany, is hereby reappropriated and made available for the fiscal year 1921, for all expenses, including the employment of clerical and other help in the office of The Adjutant General of the Army, necessary for the completion and preservation of the selective-service records and the completion of the work of furnishing statements of service to adjutants general of States: *Provided*, That this appropriation shall be disbursed by such officer as may be designated by the Secretary of War for the purpose.

The PRESIDING OFFICER. This amendment was passed over at the suggestion of the senior Senator from Utah [Mr. SMOOT].

Mr. SMOOT. Mr. President, when this amendment was passed over at my request I made the statement that this very item had been considered by the Appropriations Committee and was provided for, if not in whole, at any rate in part, in the legislative, executive, and judicial appropriation bill. I did not have the testimony before me at that time, but I immediately looked up the hearings which were held before the subcommittee of the Committee on Appropriations, and the testimony of Maj. Gen. Peter C. Harris, The Adjutant General, will be found on page 166. Before reading his testimony I desire to give a brief history of what was done by the Appropriations Committee in this regard.

For temporary employees in the War Department the House made an appropriation of \$2,500,000. Of that amount \$1,850,000 was to be expended in The Adjutant General's office, among other things, for the purpose named in this amendment. The Secretary of War appeared before the subcommittee.

Mr. KING. When was that?

Mr. SMOOT. In March last. The Secretary asked that the amount that was allowed by the House of Representatives, namely, \$2,500,000, be increased. The Adjutant General appeared before the committee and stated that of the \$2,500,000

the amount of \$1,850,000 was absolutely necessary for the work that he would be called upon to perform, and that left only \$650,000 for temporary employees in all of the other branches of the War Department. The Senate committee in its report to the Senate recommended an increase to \$4,000,000, and also increased the amount to be expended by The Adjutant General's office to \$2,000,000. The matter went into conference in that way, having been agreed to by the Senate. In the conference the question was discussed and a compromise was reached by increasing the House appropriation from \$2,500,000 to \$3,000,000. The reason assigned for that increase, and the only reason why the House yielded to the compromise, was because it was necessary to give The Adjutant General the full amount allowed by the House with a view of caring for the purpose provided for in the pending amendment.

Now, Mr. President, I want to read the testimony of The Adjutant General before the Appropriations Committee:

Gen. HARRIS. In the hearing before the House Appropriations Committee I read a statement as to the needs of The Adjutant General's Office.

The CHAIRMAN. We have that.

Gen. HARRIS. I understand you have that here, and I will not reread it. You will find it in volume 2, page 1750, of the House hearings. That statement was prepared with the greatest of care, and the estimate is based on the experience of the last few months. I have been hoping each month that the work of The Adjutant General's Office would be reduced, but I regret to say that it is not reduced. The volume of work is about the same as it was six months ago. Possibly the number of cases coming in may be a little fewer, but the cases seem more difficult, and within the last week I have had to ask for volunteers in one of my divisions to keep the work current, and several hundred clerks have volunteered to work at night for that purpose. The work in The Adjutant General's Office is current, except the records of the demobilized army. I have an accumulation of about four days' work in that division, or we are four days behind in that particular division.

Senator SMOOT. General, how much money have you to spend for the present fiscal year?

STATEMENTS OF SERVICE TO ADJUTANTS GENERAL OF STATES.

Gen. HARRIS. During the present fiscal year, aside from the special appropriations for the draft record, and for furnishing statements of service to the adjutants general of the States—

That is what the item in this bill is for; and I wish now to call attention to the statement The Adjutant General made:

I have \$3,302,811. That is from three different appropriations.

Senator SMOOT. Are you going to spend all that amount?

Gen. HARRIS. Yes; every nickel of it.

Senator SMOOT. You will not have any surplus?

Gen. HARRIS. There will not be any surplus from that appropriation. There will be an unexpended balance from appropriations for furnishing statements of service to the adjutants general of the States.

Senator SMOOT. How much is that balance?

Gen. HARRIS. It will depend on the number of clerks that I take on from now until the end of the fiscal year.

Senator SMOOT. What is your estimate?

Gen. HARRIS. I estimate that there will probably be a balance of \$700,000 or \$800,000.

Senator SMOOT. That is, on July 1?

Gen. HARRIS. On July 1, but it will not be an available balance. It will be a balance that would have to be reappropriated to complete the statement of services for the adjutants general of the States.

At a hearing before the House committee in January I explained to them that it would be necessary to employ 1,100 clerks, in addition to those I have, to complete the statements of service for adjutants general of the States during this fiscal year.

Senator OVERMAN. To complete what?

Gen. HARRIS. Statements of service for the adjutant general of the States. Under a special appropriation of Congress I am preparing a statement of the service of each officer and enlisted man who served during the World War, and that is to be furnished to the adjutants general of the States.

The CHAIRMAN. We have required the department to do what was done years after the Civil War, furnish a complete record to the States.

Gen. HARRIS. I explained to the committee that in order to complete the work it would be necessary to employ 1,100 additional clerks. The chairman of the committee (Mr. Good) called attention to the objection to employing these clerks, stating that there were not that number available in the city of Washington, and that it would be necessary to call upon the Civil Service Commission and bring them into the city from outside. Mr. Good, the chairman of the House Committee on Appropriations, said it would be very much better for me not to attempt to complete that work during this fiscal year, but to do what I could with the clerks that I now have and that could be obtained from other departments, and to depend upon Congress to reappropriate the unexpended balance. It will require substantially all of the unexpended balance to complete that work, and the work can be done within the appropriation.

I am not going to read any more of the testimony, but it is all along the same line.

What I was complaining of the other day was that this very subject matter was before the Committees on Appropriations of the two Houses. The House only appropriated \$2,500,000, and the conference report provided for an appropriation of \$3,000,000 for the purpose, amongst others, of doing the very work which is involved in the amendment now before the Senate. I did say that I deprecated the practice prevalent in many of the departments of the Government of going to one committee having a subject matter in charge, and if they found they could not secure the inclusion of the item which they desired in the bill in charge of that committee, then going to some other committee

having to do with other appropriations and undertaking to have such item inserted in another bill.

The Senator from New York says that he has received word from Gen. Harris that he did not ask for this appropriation of the Appropriations Committee. That is as I understood him, and I will ask him if that is correct?

Mr. WADSWORTH. No; I have not made such an assertion. I do not know whether Gen. Harris asked the Appropriations Committee for this reappropriation or not; I merely know that the Appropriations Committee did not make it.

Mr. SMOOT. I know that we gave \$500,000 more than the House provided, and that the additional amount was based on the necessity, as shown by the testimony of Gen. Harris, for carrying on the very work provided for in the pending amendment. I also know that the subject matter was considered by the Appropriations Committee and that the House reluctantly yielded to the Senate contention that the appropriation should be more than \$2,500,000. The Appropriations Committee of the Senate decided that it was well enough to go on with that work within reason, although the House committee, as Gen. Harris states in his testimony, refused to have the work proceed, because it would require the bringing into the District of Columbia at once of 1,100 additional clerks. Gen. Harris testified that Representative Goon, the chairman of the Appropriations Committee of the House, had this very matter under consideration, and the House decided that nothing should be appropriated for the purpose indicated, but the Senate appropriations Committee decided to make at least a partial appropriation so that the work could proceed. So the item was increased by the Senate and came out of conference with \$500,000 more than the House had provided.

Mr. KING. Mr. President, will my colleague yield?

The PRESIDING OFFICER. Does the senior Senator from Utah yield to his colleague?

Mr. SMOOT. Yes.

Mr. KING. As I understand the Senator, the Appropriations Committee had made a full examination of this subject, and upon representations made by Gen. Harris, they added an additional amount to the House appropriation. It went into conference, and there emerged from conference a provision which gave a large addition to the amount which originally had been appropriated by the House. Now, he comes before another committee and seeks an additional appropriation covering the same item which had received the attention of the Appropriations Committee.

Mr. SMOOT. Yes; and if the Senator will examine the bill he will find on page 7 that the House adopted a provision stopping at the word "records," in line 14. The remainder of the original provision went out on a point of order in the House, although it had been reported to that body from the Military Appropriation Committee of the House. It was intended to be complete, but a portion of the provision, as I have said, went out on a point of order, as I understand. I have not looked the matter up in detail, but I am quite sure that that is how it happened.

All the Senate have got to decide is, Do they want to give The Adjutant General from \$700,000 to \$800,000 more money to perform the work for which the Appropriations Committees of the House and the Senate agreed they should have, which amount was appropriated?

Mr. President, if the Senate desire to go further in this matter than agreed upon at that time, then they will agree to the amendment reported by the Committee on Military Affairs of the Senate. That is all there is to it.

Mr. KING. Mr. President, may I inquire of my colleague as to the number of employees in The Adjutant General's office now, and whether or not there has been any perceptible diminution? I made some investigation several months ago, and representations were made to me that the number of employees there was grossly excessive; that recommendations had been made to The Adjutant General by which he could reduce the number of employees several hundred and save more than a million dollars for clerk hire alone; that he desired to take such action, but was overruled by some of his superior officers, and it was determined to perpetuate in position and in place hundreds of unnecessary employees.

Mr. SMOOT. I referred to that matter in my remarks here at the time I was discussing the number of employees in the District of Columbia, and my information is exactly the same as that of my colleague in that regard. I wish, however, to exonerate The Adjutant General of any effort on his part to retain the extra number of employees.

In the testimony before the committee, however, The Adjutant General makes this statement:

I have been hoping each month that the work of The Adjutant General's Office would be reduced, but I regret to say that it is not reduced. The volume of work is about the same as it was six months ago. Possibly the number of cases coming in may be a little fewer, but the cases seem more difficult, and within the last week I have had to ask for volunteers in one of my divisions to keep the work current, and several hundred clerks have volunteered to work at night for that purpose.

Mr. President, if we appropriate this money, we will not only appropriate the unexpended balance of between seven hundred and eight hundred thousand dollars but we will give them the five hundred thousand dollars, or a portion of it, and they want more employees in the District of Columbia. In my opinion it is far better not to have any more employees come into the District of Columbia. In the sundry civil bill the committee agreed to an amendment that I offered in the Appropriations Committee paying the transportation of the employees that are to be separated from the service between now and July 1 of this year for the very purpose of taking care of the thousands of employees in the District of Columbia to-day that ought not to be here. There is no work here for them to do, and they ought to go home. I know that they have not saved sufficient money to pay their way home, because, as a general thing, they live up to every dollar received, no matter whether it is four-hundred or sixteen hundred or two thousand dollars per year. Many do not save a single cent, and I want the Government now to pay their transportation home, so that it can not be claimed that employees have been thrown out on the street with no chance whatever of getting home. I believe that the Senate will agree to that amendment, and I have not any doubt but that the House will agree to it, from all that I have heard from the House Members; and just as soon as July 1 passes no employee of this Government can claim that the Government of the United States has undertaken to drive out upon the street employees that have no work to do in the departments. We want to pay all unnecessary employees their transportation home, and I want to say that it will be better for them to go now; it will be better for the Government; and it will be better for all concerned.

Only this morning there came into my office an employee of one of the branches of the War Department, telling me of a division there that has over 30 employees where an average of a hundred letters a week is not received. I have referred to another division, in another department of the Government, in which conditions are worse than that.

Before the war we had between thirty and forty thousand employees in the District of Columbia.

We have been fighting for a decrease ever since the armistice was signed, and we have gotten down now to about 100,000. Now, we are asked here to authorize the appointment of 1,100 more employees in The Adjutant General's office.

Mr. WADSWORTH. Does the Senator mean 1,100 more than The Adjutant General has to-day?

Mr. SMOOT. I do; from the testimony given by The Adjutant General.

Mr. WADSWORTH. Will the Senator point out that testimony?

Mr. SMOOT. Certainly.

At a hearing before the House committee in January I explained to them that it would be necessary to employ 1,100 clerks in addition to those I have.

That is what The Adjutant General said.

Mr. WADSWORTH. May I have the rest of the context?

Mr. SMOOT. Certainly. I will read the whole of it again:

Gen. HARRIS. I estimate that there will probably be a balance of \$700,000 or \$800,000.

That amount is what the Military Affairs Committee now is trying to make available.

Senator SMOOT. That is, on July 1?

Gen. HARRIS. On July 1, but it will not be an available balance. It will be a balance that would have to be reappropriated to complete the statement of services for the adjutants general of the States.

At a hearing before the House committee in January I explained to them that it would be necessary to employ 1,100 clerks, in addition to those I have, to complete the statements of service for adjutants general of the States during this fiscal year.

That is what Gen. Harris said.

Mr. WADSWORTH. Does the Senator understand that it would be necessary for him to employ 1,100 clerks in addition to those that he now has working on the draft records?

Mr. SMOOT. That is what the general says.

Mr. WADSWORTH. Is there not a time limitation placed upon it? Will the Senator read it again?

Mr. SMOOT. During this fiscal year.

Mr. WADSWORTH. If it was to be completed during this fiscal year.



Mr. SMOOT. Well, that is in part what we are making the appropriation for.

Mr. WADSWORTH. No; we are appropriating for the next fiscal year.

Mr. SMOOT. That is true, so far as this amendment is concerned, but—

Mr. WADSWORTH. That is what he states. In other words, if the Senator will allow me, The Adjutant General said: "If I am expected to finish the work on the selective-draft records this fiscal year"—and he said this in last January, did he not?

Mr. SMOOT. No; in March.

Mr. WADSWORTH. In March—"I will have to put 1,100 more employees to work."

Mr. SMOOT. His testimony was given in March.

Mr. WADSWORTH. Yes; and he stated that that would be necessary if he was to finish this work this year.

Mr. TOWNSEND. Did he complete it?

Mr. WADSWORTH. He did not. He did not put the 1,100 more clerks at work. He explained that, I think, to Mr. Goon, and he was advised by Mr. Goon not to do that, and so the work is not completed; but it does not mean that he is going now, under this appropriation which we propose, to increase his force by 1,100. He is going on with his present force, and he is going to finish the work in the next fiscal year.

Mr. SMOOT. Let me tell the Senator what will happen. If this amendment is agreed to, there will be made available for the next fiscal year—not this fiscal year, but the next fiscal year—\$800,000 for the coming fiscal year, and that will lapse and go back into the Treasury on the 30th day of June of this year. That is \$800,000. Then there is, say, \$500,000 more that the Appropriations Committee provided, making \$1,300,000. I want to say that that is nearly enough to take care of 1,100 employees, though not quite, for a full year, and I will say that if the money is appropriated every cent of it will be spent. I can not recall to mind any case where there has been an appropriation for temporary employees in the District of Columbia but that it has been spent. No balance is allowed to go back into the Treasury of the United States. We have appropriated money here, and the temporary employees have been carried upon the rolls from month to month with nothing to do, and they will not be separated from the employment of the Government until June 30 of this year, and then if appropriated for in the legislative appropriation bill every one of them will be carried right on.

What a splendid thing it would be if we had some agency under the direct charge of Congress that we could send into every department and find out whether the employees are doing work or whether they are loafing. Then we could pay the men and the women that do the work as good wages as ever were paid outside of the Government service by any employer in the world, and as far as I am personally concerned I want to care for the employees that do the work, and I want to pay them well. If we will only make a house cleaning, and take out of the departments the thousands of employees that are not necessary, every one of the employees of the Government that remains in the service can be paid better wages, and we will have better work than we are getting to-day.

I do not want to say anything more on this matter. If the Senate wants to appropriate this money, and wants to expend an additional \$700,000 or \$800,000 during the coming year for the purpose named, it will vote for the amendment. If it does not want to do it, it will vote against it.

Mr. McCUMBER. Mr. President, I do not think any other Senator has been as earnest and zealous as the Senator from Utah [Mr. Smoot] in pointing out to us the inefficiency in these departments, in showing the amount of work that is accomplished, and the number of clerks that are employed for that purpose, and in calling our attention again and again to the fact that we have divisions or bureaus down here that are spending millions every year, and in some places where there are only two or three letters written in a month.

The Senator is a member of the Committee on Appropriations, and through that committee go most of the appropriation bills that are to pay for this extra labor, for people that are doing absolutely nothing. I can not understand why the Appropriations Committee does not limit the amount to be expended and the number of clerks that may be employed, and, where it finds a bureau that is doing no work, and is keeping from 50 to 75 persons month after month absolutely idle, why the committee does not find some way to get rid of them.

Mr. SMOOT. Mr. President, I am glad the Senator has brought that matter to the attention of the Senate, and I think I shall take the time right now to answer him in part.

The legislative, executive, and judicial appropriation bill, appropriating the money for the employees of the different

departments of our Government for the fiscal year ending June 30, 1921, has become a law, and other appropriation bills where lump sums are appropriated, outside of the great sundry civil bill, which will be before the Senate in a very little while, have become law.

The Appropriations Committee, in appropriating direct for the class and number of clerks, can keep some track of them; but the curse of wholesale extravagance comes through lump-sum appropriations. I want to say to the Senator now that the estimates that have been made for running the Government for the next fiscal year amounted to about \$5,200,000,000, and the Appropriation Committees of the House and the Senate have cut those estimates down at least \$1,500,000,000. Why, if the heads of the departments had all that they ask for, they would bankrupt this Government, and there is not a Government on earth wealthy enough to give them what they would ask.

I want to be perfectly frank, and say that it is a physical impossibility for members of the Appropriations Committee to make an investigation of every estimate; but if Congress had an agency of some kind so that when the Book of Estimates first came to Congress an investigation would be made immediately of all estimates for appropriations outside of those that are provided by statutory roll, it would save the Government of the United States hundreds of millions of dollars.

I have not any doubt, Mr. President, but that a budget bill will be passed at this session of Congress, and under that system I think there will be a partial relief. Perhaps I should not say partial, but a great relief, and yet I have not any doubt but that when that budget system is in full force, two or three years from now, when we see the advantages which come from it, and through the organization created by it, which will give the authority to investigate these different departments, and the estimates made by the President, we will also create some agency, under the direct control of Congress, to make further investigations of any report which may be made asking for money out of the Treasury of the United States.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from North Dakota?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. McCUMBER. I do not think the Senator has given me the information that I want. The Senator now says that the trouble lies in the fact—

Mr. SMOOT. If the Senator will wait; I am not through yet.

Mr. McCUMBER. Let me get to this one point. The Senator says the trouble lies in the fact that we are making lump-sum appropriations, but it is in the power of the Committee on Appropriations to report against any and all of these lump-sum appropriations, and also to provide how many clerks may be had in any single bureau, and what I am trying to find out is why the committee does not do that.

Mr. SMOOT. That was just what I was coming to in further answer to the Senator.

Mr. President, when the responsibility falls upon a Senator to decide as to whether he is going to give a certain appropriation or not, particularly after the heads of all of the divisions of the department come before the committee and state positively that unless the appropriation asked for is given they can not function, and that they can not do the work required of them, I want to say to you it is quite a responsibility for a man to take the view that it shall not be given, without a further chance of an investigation, so if a mistake is made it is generally on the side of safety.

Yet that is what we have done this year more than any other year since I have been on the Appropriations Committee. I do not know how far to cut. I am fearful, Mr. President, that we have not cut all that we ought to, and perhaps there are some instances in which we have cut a little too much. But if we only had the physical strength or if we only had the time to investigate every request for an appropriation, the very thing to which the Senator refers could be obviated. But we have not that time.

Mr. McCUMBER. Mr. President, if the Senator will excuse me again, I think the Senator instanced a case in one of the departments in which there were 30 or 40—

Mr. SMOOT. Thirty-one employees.

Mr. McCUMBER. Thirty-one employees who had written three letters a week, I think, averaged that.

Mr. SMOOT. The whole of them averaged three letters a day.

Mr. McCUMBER. The Senator knows of that fact; and has that been taken care of by the Committee on Appropriations by a refusal to allow any further appropriations for that particular bureau?

Mr. SMOOT. Mr. President, that bureau was appropriated for. The House cut the estimates over a million dollars, and when the bill came over to the Senate the Senate made a further cut of \$500,000; and I am in hopes they will get along with less than the amount finally granted.

I will say to the Senator that when I started to call the attention of the Senate to the number of employees in the War Risk Bureau they had about 15,000 employees, and when I made the statement on this floor that the bureau could do better work with 10,000 than they were doing with 15,000 some Senators thought I was exaggerating. I am going to make another statement to-day: I say to-day that I could take 5,000 first-class employees, and, if they would do the work which every employee of the Government ought to do, the work in that bureau would be done better than it is being done with the present 9,900 employees.

Mr. President, I do not know that it is worth while to take any more time on this bill.

Mr. McCUMBER. May I ask the Senator another question? If the Senator could take 5,000 men in the War Risk Bureau and do the work, the Senator being a member of the Committee on Appropriations, and a very influential member, why is it that there is no provision in the appropriation bill reducing it, declaring that the number of employees shall not exceed 5,000? I had information only as late as yesterday that that whole bureau is a hive of idleness, and all the information I have agrees entirely with what the Senator states. I can not imagine, then, what our Committee on Appropriations are doing in voting in and bringing before the Senate appropriations to carry upon the rolls the thousands and thousands who are practically idle all the time.

Mr. SMOOT. Mr. President, I am quite sure that bureau, with the appropriation it has, can not carry all of these divisions which are in idleness. When June 30 comes there is going to be quite a change; there is not any doubt about that.

We have a statute now, Mr. President, designed to prevent the departments from making deficiencies, but it is perfectly useless. It never will be enforced unless Congress takes some further action. But if we had a real, live antideficiency law, with penalties attached for any officer of the Government creating a deficiency, that would save the Government of the United States untold hundreds of thousands of dollars.

I want to say that the chairman of the Appropriations Committee has warned the heads of these departments time and time again this year that we did not want any deficiency hereafter. We will have them, however. There is no doubt in my mind about that.

With the appropriations which have been made for the next fiscal year I am quite sure that there will not be as many employees in the District of Columbia as we have now. I do not know that we will ever get back to normal conditions. I doubt whether it is possible to do so. I want to see the day come when there will be a feeling of rest and a feeling of contentment from one end of this country to the other, as used to be the case, but I assure the Senate of this one thing, that there is not going to be very much contentment among the taxpayers of this country until they are convinced that Congress will pay some attention to how the money which is collected by taxes is to be spent, and when that time comes, Mr. President, I think it will be better for us all.

Mr. WADSWORTH. Mr. President, I do not intend to discuss, in reply to the Senator from Utah, those matters which he covered in his general observations about the condition of the civil service of the Government, but I do intend to confine my discussion entirely to the amendment which is before the Senate, and to refute, if I can, the assertion of the Senator from Utah that the legislative, executive, and judicial appropriation bill takes care of this matter of the selective-draft records, for I am positive that it does not, and I think I can demonstrate my proposition.

In the office of The Adjutant General, exclusive of this selective-draft record work, a considerable number of civilian employees are employed. The Adjutant General rendered an estimate, through the appropriate authorities, to the Appropriations Committee, which ordinarily takes care of the appropriations to pay for the civilian employees of the War Department and all other departments. That estimate was for \$2,094,970. It did not include an estimate for the clerk hire in connection with the selective-draft records, and so forth.

The Adjutant General, in discussing with the officials of the War Department the question of whether or not he should estimate for the selective-draft record clerks, was reminded that there was an unexpended balance of the appropriation under which that selective-draft record work was done, amounting to between seven and eight hundred thousand dollars, and it was

assumed, in the making up of The Adjutant General's estimate, that that seven or eight hundred thousand dollars remaining unexpended from the appropriation of last year for the specific purpose of taking care of the draft records would be reappropriated by the Committee on Military Affairs, presumably. So there was not included in the estimate of The Adjutant General's office a provision for payment for these civilian employees.

Mr. SMOOT. Will the Senator state why it should have been made available by the Military Affairs Committee?

Mr. WADSWORTH. Because this appropriation came from the Military Affairs Committee last year. That may be right or wrong as a matter of policy, but I am describing what has actually occurred. The question of the Senator from Utah does not go to the facts in this case; it only goes to certain theories. The fact is they did not estimate for the selective-draft clerks. That is the fact. They may have been mistaken in assuming that the selective-draft clerks should be paid out of the appropriation carried in the Army appropriation bill, as they were paid last year. I think myself that their appropriation should be carried in the legislative, executive, and judicial appropriation bill, but they are not carried in that appropriation bill, and I will demonstrate that in a moment.

Mr. SMOOT. Does the Senator say that the matter was not considered by the Appropriations Committee?

Mr. WADSWORTH. It was; and it was completely misunderstood by the Appropriations Committee, because the Appropriations Committee believed that the two-million-dollar estimate included the pay of the selective-draft clerks, and it did not.

Mr. SMOOT. Has the Senator the estimates there?

Mr. WADSWORTH. Yes; I have them right before me.

Mr. SMOOT. I mean our estimates.

Mr. WADSWORTH. Just a moment, Mr. President, and I think I can demonstrate that the Senator is laboring under a misapprehension.

Mr. SMOOT. I know—

Mr. WADSWORTH. The Senator has occupied about three-quarters of an hour of the time of the Senate, and I think I can occupy about 10 minutes in trying to demonstrate this.

It is perfectly true that the Senate conferees persuaded the House conferees to increase by \$500,000 the amount of money to pay for temporary employees in the departments. That item will be found on page 78 of the printed bill as it was reported from the Committee on Appropriations. The House committee appropriated \$2,500,000 for temporary employees. The Senate committee proposed to raise that amount to \$4,000,000. That amount was again reduced to \$3,000,000 in conference, making an increase of \$500,000 over the House appropriation. The Senator from Utah says that the extra \$500,000 would take care of The Adjutant General, but he forgets that there is a proviso printed on the following page, which states:

*Provided further, That \$1,850,000 of the foregoing sum of \$3,000,000 shall be allotted to the office of The Adjutant General.*

The \$1,850,000 is less than the estimate of The Adjutant General, which did not include the selective-draft clerks in any way. So that he will actually need the \$1,850,000, which is less than he estimated for his clerks other than the selective-draft records. The legislative appropriation bill failed to reappropriate \$700,000 or \$800,000 remaining in the selective-draft appropriation. So he is held out entirely unless the Army appropriation bill reappropriates that sum.

Mr. SMOOT. I have the estimate here.

Mr. WADSWORTH. His estimate is \$2,094,000, but it does not include selective-draft clerks. As contrasted with the estimate of \$2,094,000, which he wants for other purposes of his office, the Appropriations Committee gave him \$1,850,000, \$250,000 less than he wanted for that work, but did not give him anything for the selective-draft clerks, and they were not included in the estimate of \$2,094,000 because he assumed that the Committee on Appropriations understood that he was asking for a reappropriation out of the unexpended balance of this year to take care of his selective-draft clerks. That is the situation, and I have a letter—

Mr. SMOOT. Well, Mr. President—

Mr. WADSWORTH. Just a moment. I have a letter from The Adjutant General, dated May 24, only yesterday, and I am going to read it to demonstrate now whether he is right or wrong:

My Dear Senator—

It is addressed to myself—

Mr. SMOOT. I wish to say to the Senator that he is wrong when he thinks the Senate Appropriations Committee did not know anything about the \$800,000 that he wanted to be made



available. He called the attention of the committee to that item, as I have already stated.

Mr. WADSWORTH. Of course, the Senate Committee on Appropriations remembered his discussion of that item, and, according to the Senator from Utah, it added \$500,000 to the appropriation made for all civilian temporary clerks.

Mr. SMOOT. The Senator ought to be perfectly fair and state that out of the \$2,500,000 appropriated for the War Department for all of these purposes, there was assigned in the House \$1,850,000.

Mr. WADSWORTH. To The Adjutant General?

Mr. SMOOT. Yes.

Mr. WADSWORTH. And that is all he gets.

Mr. SMOOT. Certainly. But the question arose as to why The Adjutant General's office should, out of the whole appropriation of \$2,500,000, receive all but \$650,000, and the Senate committee, as well as the House, decided that that would be sufficient to do all the work required. They knew about this \$700,000 or \$800,000, as testified to by The Adjutant General, and that legislation would be necessary to make that available for the coming fiscal year. I have already said that, but the committee decided they would not make it available for 1921, and that they felt that \$1,850,000 is all that The Adjutant General ought to spend for temporary employees for the coming fiscal year.

Mr. WADSWORTH. I will read his letter—

Mr. SMOOT. I know what the committee did.

Mr. WADSWORTH. I made reference to what the committee did because the Senator from Utah himself earlier in the afternoon stated that the \$500,000 was added to the total appropriation for temporary employees to take care of The Adjutant General.

Mr. SMOOT. If it had not been added a part of it would have been taken off of the \$1,850,000 appropriated for The Adjutant General's office.

Mr. WADSWORTH. But it was not added to what should go to The Adjutant General's office. The bill specifically goes on and says The Adjutant General shall have \$1,850,000. That is what he has.

Mr. SMOOT. I know the Senator does not want to misstate what we did.

Mr. WADSWORTH. I had hoped to be able to make a continuous statement. I did not interrupt the Senator. He is succeeding in hashing my statement up into little bits.

Mr. SMOOT. I will not interrupt the Senator further.

Mr. WADSWORTH. I do not mean to be discourteous, but the thing should be explained with some degree of continuity. I want to read the letter of The Adjutant General. The Adjutant General has not tried to deceive anyone. He has been perfectly frank about it. He had this same discussion with Mr. KAHN in the House, chairman of the House Committee on Military Affairs. The House Committee on Military Affairs went into the whole thing. They saw also, just as the Military Affairs Committee of the Senate saw, that if this appropriation was not made the work of the selective-draft records would stop.

This letter is dated May 24, addressed to myself, and reads:

MY DEAR SENATOR: Referring to your telephonic request for information concerning the alleged duplication of appropriations for the clerical employees of this office if the unexpended balance of the \$3,500,000 appropriation is reappropriated, I beg leave to invite your attention to a letter on the subject addressed to Mr. KAHN by me on the 21st of April, and printed in the CONGRESSIONAL RECORD of the 22d of April (pp. 5990-5991). The statements contained in that letter were in answer to allegations made on the floor of the House similar to those made on the floor of the Senate on Saturday. This subject is so intricate that I do not think any explanation would be complete if the letter were condensed. Consequently I respectfully refer you to the entire letter.

The letter is here before me, and before I finish I will refer to certain portions of it.

In addition to the statements contained in the letter referred to permit me to invite your attention to the following extract from a letter from the Secretary of War to you on this subject, dated April 26, 1920, and quoted by me in the hearing before your committee on May 7:

"There seems to be an impression in some quarters that the estimates for employees made by The Adjutant General for the Committee on Appropriations included the force necessary for the work. In this connection permit me to invite your attention to the letter of The Adjutant General to Hon. JULIUS KAHN, and published in the CONGRESSIONAL RECORD of the 22d of April (pp. 5990-5991) on the subject" (p. 242).

I also quote for your ready reference statements made by me at the hearing mentioned showing that I had previously explained to Mr. KAHN that the appropriation asked for in the Army appropriation bill was not a duplication of any appropriation carried in the legislative, executive, and judicial bill:

"Gen. HARRIS. \* \* \* In a letter to which the Secretary referred I endeavored to explain to Mr. KAHN that this money, if it were reappropriated, would not be a duplication" (p. 242 of the hearings).

"Having so many different appropriations, apparently the members of the Appropriations Committee of the House misunderstood me and thought that the appropriation they had provided covered this case; but it did not, and I shall need every dollar of this amount in order to complete the statements of service."

He refers, then, to the reappropriated amount.

"The money appropriated by Congress was about \$245,000 less than my estimate, and I shall require all of that."

That is, for purposes other than the selective draft.

The money appropriated by Congress was about \$245,000 less than my estimate, and I shall require all of that. I mean the amount appropriated under the legislative, executive, and judicial appropriation bill was \$245,000 less than my estimate, and I shall need all of that for work other than the preparation of statements of service for the adjutants general of the States" (p. 243).

In my hearings before the Senate subcommittee on the legislative, executive, and judicial appropriation bill, page 166 of the hearings, the following statements were made, reference being had to the unexpended balance of the \$3,500,000 appropriation:

"Gen. HARRIS. I estimate that there will probably be a balance of \$700,000 or \$800,000."

"Mr. SMOOT. That is, on July 1?"

"Gen. HARRIS. On July 1; but it will not be an available balance. It will be a balance that would have to be reappropriated to complete the statement of services for the adjutants general of the States."

This balance is not reappropriated in the legislative, executive, and judicial bill for the fiscal year 1921. As stated in my letter to Mr. KAHN, it will be impossible to complete the work of furnishing the statements of service for the adjutants general of the States unless the unexpended balance of the \$3,500,000 is reappropriated, because the \$1,850,000 carried in the legislative, executive, and judicial bill is less than the sum necessary to conduct the current business of the office, and, of course, none of the last-mentioned sum would be available for any other purpose, such as furnishing statements of service to adjutants general of the States.

Very truly, yours,

P. C. HARRIS,  
The Adjutant General.

Now, referring for a moment to the letter which The Adjutant General addressed to Mr. KAHN, in which he goes into great detail, explaining how this misunderstanding arose, and how these funds are administered, and how it is necessary for him to have this \$700,000 or \$800,000 reappropriated or else the selective-draft work will stop, I find that—

Mr. WARREN. I do not wish to interrupt the continuity of the Senator's remarks—

Mr. WADSWORTH. I yield to the Senator from Wyoming.

Mr. WARREN. But possibly I can shed some light on that, as I understand the Senator is now going back to the misunderstanding on the desire to reappropriate money.

Mr. WADSWORTH. Yes.

Mr. WARREN. I regret that a colloquy should come up on this matter since I happen to be interested in the subject matter in both committees. The Senator from Utah [Mr. SMOOT] is absolutely right in his claim that appropriations of this kind ought to go in the legislative appropriation bill.

Mr. WADSWORTH. I agree with that, too; but they are not there.

Mr. WARREN. He is absolutely right that the chairman of the Appropriations Committee, and the Senator from Utah himself, in particular, have striven to cut these amounts down from time to time, and with such success that in the legislative bill the Senate added, I think, something less than 2 per cent—certainly it was not as much as 2 per cent of increase—and in a bill that I hope to get up very soon we have added in committee less than 3 per cent to the amount fixed by the House. The House itself has exercised great care to cut down to the lowest limit. In this particular matter I am giving my remembrance and the two Senators can see from their different standpoints just what we should do with it.

In a deficiency bill this matter came before a subcommittee of which the Senator from Utah was not a member. Preceding that, both the Secretary of War and The Adjutant General of the Army had been before the subcommittee to explain that unless there should be some agreement to reappropriate some of this money which was appropriated for these records they would have to employ a thousand or more extra clerks in order to get the work done before the end of the present fiscal year.

Mr. WADSWORTH. That is right.

Mr. WARREN. The Secretary of War was anxious that they should not increase the number, and The Adjutant General felt the same, and they told me that they thought they had an arrangement with the chairman of the House Committee on Appropriations, Mr. GOOD, that if they would undertake to carry it along without hiring more clerks there would be incorporated in the next deficiency bill a provision to reappropriate this money, so that the work might be continued and probably finished during the fiscal year 1921. When the item came up again it was not put in on the House side. If the Senate the deficiency bill did include that amount and reappropriated it. It was one of the things in conference that constituted almost the last difference to be composed. It was composed not by a reappropriation of the full amount but by a reappropriation

of, I think, \$600,000, though it may have been \$400,000, and also by the appropriation of \$170,000 direct, so that they could carry on the work in the way they were doing and it might be continued until the end of the year and until the matter might be taken up in later bills.

When The Adjutant General came before the committee which was considering the legislative, executive, and judicial appropriation bill, he evidently must have been relying upon this amount being carried on some other bill, for he did not, in his evidence before the committee, represent—as he should have done, I think—the exact situation. It is true that that amount of money was appropriated for a certain line of work, and I presume it is true—it ought to be true—that so much of it as is not reappropriated goes back into the Treasury on the 1st of July. There was that understanding with another subcommittee relating to the reappropriation or the probable reappropriation of the sum referred to. Therefore The Adjutant General did not put on the extra clerks, and hence the call for a reappropriation.

Mr. WADSWORTH. I think the recollection of the Senator from Wyoming is correct.

Mr. WARREN. I thought the Senator ought to have that explanation before going into the matter any further.

Mr. WADSWORTH. I am very glad the Senator from Wyoming interrupted me to make the explanation.

I shall not read all of the letter which The Adjutant General addressed to Mr. KAHN; but merely to bring the discussion to a conclusion, so far as I am concerned, I will say that the letter sets forth the estimate which The Adjutant General submitted. The estimate is for \$2,094,970. It is divided into three items:

Class A. Existing Military Establishment, 417 clerks, \$444,100.

That is for the temporary clerks.

Class B. Demobilized Army—work connected with furnishing reports to the War Risk Bureau, Auditor for the War Department, Director of Finance, and other current work connected with the demobilized Army, 1,290 clerks, \$1,572,000.

That has nothing to do with selective-draft work at all.

The next item is for 119 subclerical employees, at \$78,870—these are laborers of one kind or another, I assume—the total being \$2,094,970.

After stating that estimate, The Adjutant General continues his letter:

This shows clearly that my estimate of \$2,094,970 did not include funds for work connected with the selective-service records and the furnishing of statements of service to the adjutants general of the several States.

With reference to the preparation of statements of service for the adjutants general of States, I stated (p. 1752):

"\* \* \* In order to complete this work before July 1, 1920, it will be necessary to increase our force by about 1,100 clerks."

That is the incident to which the Senator from Utah [Mr. SMOOT] referred awhile ago. He never increased them, because he was told that that would not be advisable; that the work could continue through the next fiscal year; that it was inadvisable to bring new clerks to Washington when he could get them out of the departments here.

He continues:

The chairman of your committee suggested at a hearing on January 2 that it would be far more economical and better in every way for Congress to make the unexpended balance of that appropriation available during the next fiscal year. I informed the Secretary of War of the suggestion and he heartily agreed with the chairman of the committee, and the Secretary directed me to confine my efforts in the future to increasing my force by the employment of only such clerks as may be released from other bureaus of the War Department or other departments in this city.

Having discontinued my efforts to complete the work during the fiscal year at the suggestion of the chairman of the Appropriation Committee, it did not occur to me that that committee would offer any objection to the reappropriation of the unexpended balance of the \$3,500,000 appropriated for this specific work and the work connected with the draft records. As to whether this reappropriation should be made by the Committee on Appropriations or the Committee on Military Affairs, it would be presumptuous on the part of a layman to express an opinion. The original appropriation was carried in the Army appropriation act, and for that reason I made my request for the reappropriation of this money to the Committee on Military Affairs.

In the discussions on the floor of the House a member of the Appropriations Committee quoted the following from my statement before the subcommittee on the legislative, executive, and judicial bill:

"The estimates for the office—

This is rather important, and I ask the attention of the Senator from Utah and the Senator from Wyoming to it—

were revised by a War Department board convened for the purpose of considering the financial needs of the various bureaus of the department. That board allotted to this office \$1,345,000 for the additional roll on the assumption that \$750,000 of the \$3,500,000 appropriated for the care and custody of the selective-service records and for the furnishing of statements of service to the adjutants general of States would be made available for the payment of salaries of the additional roll during the fiscal year ending June 30, 1921. This sum will not be available for that purpose. But for this erroneous assumption it is presumed that the \$2,094,970 needed by the office would have been approved by the board, as the sum of \$1,345,000 tentatively allotted and the \$750,000 before referred to is \$2,094,970—

The exact amount—

the amount necessary to properly conduct the business of the office."

The purpose of that statement of mine was to show the committee why the estimate of the Secretary of War as to the needs of The Adjutant General's office for the next fiscal year was less than my own estimate. The War Department board referred to called upon me for a statement showing the amount that I would spend for the employment of clerks from the special appropriation, \$3,500,000. From my reply that I would require \$2,750,000 for that purpose the board erroneously assumed that there would be an unexpended balance of this appropriation of \$750,000. This \$750,000 was required for the payment of delayed claims from draft boards; employment of mechanics and laborers in the unpacking and setting up the filing cases; for the purchase of new filing cases and equipment; for the employment of engineers, firemen, watchmen, messengers, and other nonclerical help; and for repairs and alterations to the building containing the selective-service records.

The experience of the preceding year, and particularly the last three months, convinces me that the \$1,850,000 carried in the legislative, executive, and judicial appropriation bill for the use of this office will be insufficient to properly conduct the work connected with the existing Military Establishment (previously designated class A work) and the work of reporting from the records of the demobilized Army (designated class B); and consequently there will be no money from this appropriation available for the care and custody of the selective-service records and the furnishing of statements of service to the adjutants general (designated class C work). Unless the unexpended balance of the \$3,500,000 is reappropriated and made available it will be impossible to complete the work last mentioned.

Trusting that this explanation will convince you that I did not deceive intentionally or unintentionally either the Committee on Military Affairs or the Committee on Appropriations, I am,

Very truly, yours,

P. C. HARRIS,  
The Adjutant General.

Mr. SMOOT. Mr. President, all that The Adjutant General has said in that letter is true from his viewpoint, but he has yet to realize that the Appropriations Committees of the House and the Senate decided that the departments of the Government are not going to be given every cent for which they ask. Of course, that is not as yet fully realized by The Adjutant General.

I know that the estimate was for \$2,094,970. I have the Book of Estimates; I can name every item for which estimated, and I know that that estimate did not include the \$700,000 to which he referred in his testimony which he wanted made available for the coming fiscal year. Not only that, but the Committee on Appropriations of the House also understood his wishes in this regard. Now, he says that because the Appropriations Committees only gave \$1,850,000 he can not run the ordinary affairs of his office without considering the draft service. I wish to say to The Adjutant General now that if he can not run the affairs of his office with \$1,850,000 for next year he will not receive that much for the following year.

The Adjutant General's office was cut below their estimates. I believe, less than any other department of the Government. The two committees decided that The Adjutant General's office should have \$1,850,000 to do the work required of it for the coming fiscal year, including the draft-service work. According to its provisions as the House passed the appropriation, as I have heretofore said, The Adjutant General's office took the whole of the appropriation with the exception of \$650,000. In other words, all the other branches of the War Department for temporary employees were to receive \$650,000, and the remainder, amounting to \$1,850,000, was to be given to The Adjutant General's office.

The conferees on the legislative, executive, and judicial appropriation bill did not reduce the amount which the House gave The Adjutant General of \$1,850,000; they said, "We will let you have that full amount of money to do the work that is required of your department for the fiscal year ending June 30, 1921." We gave, however, an increase to the other branches of the department amounting to \$500,000. If the increase of \$500,000 had been divided as suggested by the Senator from New York, the amount for The Adjutant General's office would have been less than \$1,850,000.

That is the situation as it was, and there is no misunderstanding at all on the part of the House and Senate conferees on the legislative, executive, and judicial appropriation bill. We gave them every dollar that we intended to give them.

The Senator from North Dakota has asked the question, Why do we not get rid of these extra employees? We can not get rid of them now if we are going to give \$750,000 more than was put in the legislative, executive, and judicial appropriation bill to pay temporary employees.

I am not finding fault because the original appropriation was recommended by the Military Affairs Committee, for during the war we did anything which seemed necessary and it did not make a particle of difference what bill happened to be under consideration, if an item were necessary, we made the appropriation on the bill which chanced to be the most convenient; but I wish to say that this year the war is not on, and all of the temporary employees ought to have been taken care of in the legislative, executive, and judicial appropriation bill. That is what the Appropriations Committees of the two Houses ex-



pected to do. They expected the War Department to be operated with the amount which we appropriated, namely, \$3,000,000.

Mr. President, there is no need of my taking any more of the time of the Senate. I have explained the situation as it is.

Mr. WADSWORTH. Mr. President, there may be some Senators who are confused as to what the issue is. I will say that we are about to vote on the committee amendment, and I hope the committee amendment will be approved.

The VICE PRESIDENT. The question is on the amendment reported by the committee. [Putting the question.] By the sound the noes seem to have it.

Mr. WADSWORTH. I ask for the yeas and nays.

The yeas and nays were ordered, and the Reading Clerk proceeded to call the roll.

Mr. BECKHAM (when his name was called). I am paired with the senior Senator from West Virginia [Mr. SUTHERLAND]. In his absence I withhold my vote.

Mr. DIAL (when his name was called). I am paired with the Senator from Colorado [Mr. PHIPPS]. I transfer that pair to the Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. TRAMMELL (when his name was called). I transfer my pair with the Senator from Rhode Island [Mr. COLT] to the Senator from Nebraska [Mr. HITCHCOCK] and vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. WOLCOTT]. In his absence I transfer that pair to the Senator from Kansas [Mr. CURTIS] and vote "yea."

Mr. WILLIAMS (when his name was called). Transferring my pair with the senior Senator from Pennsylvania [Mr. PENROSE], who is absent because of illness, to the Senator from Tennessee [Mr. SHIELDS], I vote "yea."

The roll call was concluded.

Mr. JONES of Washington. Has the senior Senator from Virginia [Mr. SWANSON] voted?

The VICE PRESIDENT. He has not.

Mr. JONES of Washington. I have agreed to pair with that Senator during his absence for the afternoon, and I therefore withhold my vote.

Mr. BECKHAM. I understand that my pair, if present, would vote "yea." With that understanding, I feel at liberty to vote. I vote "yea."

Mr. BALL. I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I understand that if present he would vote as I am about to vote. I therefore vote "yea."

Mr. CALDER. I am paired with the junior Senator from Georgia [Mr. HARRIS]. I transfer that pair to the junior Senator from West Virginia [Mr. ELKINS] and vote "yea."

Mr. SMOOT. I wish to announce the absence of the Senator from Kansas [Mr. CURTIS] on official business.

I wish also to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Maryland [Mr. SMITH];

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Arkansas [Mr. KIRBY];

The Senator from Maine [Mr. FERNALD] with the Senator from South Dakota [Mr. JOHNSON];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from Minnesota [Mr. KELLOGG] with the Senator from North Carolina [Mr. SIMMONS].

The result was announced—yeas 43, nays 12, as follows:

#### YEAS—43.

Ball	Harding	Moses	Spencer
Beckham	Harrison	New	Sterling
Brandegge	Henderson	Nugent	Thomas
Calder	Kendrick	Page	Townsend
Capper	Keyes	Phelan	Trammell
Chamberlain	Knox	Poindexter	Underwood
France	Lenroot	Ransdell	Wadsworth
Frelinghuysen	Lodge	Robinson	Walsh, Mass.
Gay	McCormick	Sheppard	Watson
Glass	McLean	Sherman	Williams
Hale	McNary	Smith, S. C.	

#### NAYS—12.

Ashurst	Dial	Myers	Smith, Ariz.
Borah	King	Nelson	Smoot
Comer	McCumber	Overman	Walsh, Mont.

#### NOT VOTING—41.

Colt	Gore	La Follette	Simmons
Culberson	Gronna	McKellar	Smith, Ga.
Cummins	Harris	Newberry	Smith, Md.
Curtis	Hitchcock	Norris	Stanley
Dillingham	Johnson, Calif.	Owen	Sutherland
Edge	Johnson, S. Dak.	Penrose	Swanson
Elkins	Jones, N. Mex.	Phipps	Warren
Fall	Jones, Wash.	Pittman	Wolcott
Fernald	Kellogg	Pomerene	
Fletcher	Kenyon	Reed	
Gerry	Kirby	Shields	

So the amendment of the committee was agreed to.

Mr. WADSWORTH. Mr. President, I desire to give notice that I shall request a vote in the Senate on the committee amendment on the lower half of page 61, which was rejected this afternoon on a division.

Now, Mr. President, not as a committee amendment, but as one which emanates from the department, although not in the form desired by the department, I offer the amendment which I send to the desk, and shall ask an opportunity to explain its necessity.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. On page 75, after line 8, it is proposed to insert the following:

#### EMERGENCY COMMISSIONED PERSONNEL.

That the President is authorized to retain temporarily in service, under their present commissions, or to discharge and recommitment temporarily in lower grades, such emergency officers as he may deem necessary; but the total number of officers on active duty, exclusive of retired officers and disabled emergency officers undergoing treatment for physical reconstruction, shall at no time exceed 17,000. Any emergency officer may be discharged when his services are no longer required, and all such officers shall be discharged not later than December 31, 1920. All officers of the Regular Army holding commissions granted for the period of the existing emergency, in whatever grade, shall be discharged therefrom not later than June 30, 1920.

Mr. WADSWORTH. Mr. President, the Senate will doubtless remember that about last August the Congress enacted the so-called 18,000-officer bill. That bill authorized the Secretary of War to retain in the military service emergency and Regular officers whose aggregate number should not exceed 18,000, exclusive of emergency officers who had been wounded or disabled during the war and were undergoing physical reconstruction in the hospitals. That bill also provided that the Secretary of War could retain those officers of the Regular Army in advanced rank whenever he saw fit to do so in the interest of proper administration of the service. That bill provided that this authorization should terminate on July 1, 1920.

When July 1, 1920, comes, if no other action is taken by the Congress, the emergency officers, exclusive of those wounded emergency officers now in the hospitals, must all be discharged, and all the Regular officers who still retain advanced rank—and their number is about 20 per cent of the total of the Regular officers in the Army—will be reduced to their regular rank.

The Senate and the House have each passed an Army reorganization bill. The House bill provides that the Regular Army may have 17,800 officers, and the Senate bill provides that the Regular Army may have 16,993 officers. Both bills provide that the new Regular Army officers who must be taken into the Regular Army, and who will be very largely taken from these emergency officers, shall have their commissions dated from July 1, 1920.

But, Mr. President, between the time of the passage of the Army reorganization bill and July 1—and there is now high hope of its passage before June 5—it is going to be absolutely impossible for the War Department to reorganize the Regular Army in the revolutionary manner provided for in this bill which is now in conference, to get all these officers examined by a board of general officers, who must comb them through and decide how many of them are fit to come into the Regular service, how many in each grade, and where they are going to be assigned. It is going to be utterly impossible to do that.

Mr. OVERMAN. Mr. President—

The VICE PRESIDENT. Does the Senator yield to the Senator from North Carolina?

Mr. WADSWORTH. Let me finish my sentence. It is going to be utterly impossible to do that by July 1 next. It will take several months to do it. I yield to the Senator.

Mr. OVERMAN. Does that include officers who have already been discharged? Will a colonel who came from France be eligible for reinstatement in his old grade under the amendment?

Mr. WADSWORTH. Under the reorganization bill pending, of course. This has nothing to do with that. But it is going to take at least six months, the conferees believe, for the Army to get reconstituted under the new law, to get all these men commissioned after they have been examined by the examining boards.

This amendment I offer is for the purpose of permitting the Secretary of War to continue to retain the emergency officers now being retained for six months, up to December 31, 1920, but not to retain the Regular officers in the higher ranks. On July 1 next they must go back to their regular rank. If this is not done, or if something like it is not done, there will be a hopeless hiatus between July 1 next and the final completion of the reorganization of the Army under the new reorganization act.

This request emanated from the Secretary of War. The War Department requested that the Regular officers who now hold

advanced temporary rank may be retained in that advanced temporary rank.

I had to pass on this question myself, Mr. President. It is not a committee amendment. It has come to me very suddenly. I suggest, however, in this amendment that the Regular officers now holding advanced temporary rank be not permitted to continue to hold those ranks. It is a practice which has injured the morale of the Regular service very severely. It has caused ill feeling and discontent, which every Senator has heard about. They have been expected to surrender their advanced temporary rank on July 1, and they had better do it.

Mr. TOWNSEND. May I ask the Senator a question?

Mr. WADSWORTH. Certainly.

Mr. TOWNSEND. I did not follow the amendment very carefully. Do I understand that this provision for retaining these emergency temporary officers shall be only until the reorganization of the Army is effected?

Mr. WADSWORTH. Only until the reorganization is effected, and in no case later than December 31, 1920. That is the effect of it. I regret very much to have to offer an amendment of this sort, because I know it is puzzling to the Senate. It is legislation on an appropriation bill; but this bill is the only one to which it can be attached as a legislative rider, and if it is not done we will have an utterly impossible situation immediately following July 1 next.

Mr. LENROOT. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. WADSWORTH. I yield.

Mr. LENROOT. Under this amendment, to what extent would emergency officers outrank Regular officers and really take their places during this temporary period?

Mr. WADSWORTH. In a very few instances. There are no emergency brigadier generals, of course, and no emergency major generals. There are a few emergency colonels in the Ordnance Department, I think. There are some, as the Senator knows, in the Judge Advocate General's Department, and there are some in the General Staff, if I recollect correctly. I discussed that with Regular officers, who say, "You will do more good to the Regulars if you get rid of this advanced temporary rank for all of us than anything you can do. We do not mind for a few weeks or a few months being nominally outranked by an emergency officer." They have said to me, "We are men enough to stand a little thing like that for a little while"; and it will save money to the Government, incidentally, as the Senator knows.

The VICE PRESIDENT. The question is on the amendment of the Senator from New York [Mr. WADSWORTH].

The amendment was agreed to.

Mr. WADSWORTH. Mr. President, I have just one more amendment. It is contained in a letter addressed to me by the Secretary of War, which I ask that the Secretary may read to the Senate. It gives the whole reason for the proposed amendment and contains the amendment.

The VICE PRESIDENT. The Secretary will read.

The Reading Clerk read as follows:

WAR DEPARTMENT,  
Washington, May 22, 1920.

MY DEAR SENATOR WADSWORTH: Because of the unique and tragic position of the city of Verdun in the World War and the imperishable glory won by the great army which successfully defended it to the last, several of the European Governments are conferring upon the city valor medals and distinguished service emblems of one sort and another. It has been suggested that the French people would regard it as a graceful and generous tribute from America if the congressional medal of honor might be so conferred. Of course, our statutes do not authorize that use of the congressional medal of honor, but I venture to suggest the inclusion of a line in the Army appropriation bill, now under consideration, which will give the President this authority. For your consideration I suggest the following language:

"That the President be, and he is hereby, authorized, in the name of the Congress and people of the United States, to present to the city of Verdun, France, the congressional medal of honor as a mark of America's appreciation of the valor of its defenders."

I am writing Mr. KAHN that I have made this suggestion and bespeaking his sympathy for the provision should the Senate incorporate it and return it for consideration as an amendment to the House of Representatives.

Cordially, yours,

NEWTON D. BAKER,  
Secretary of War.

HON. JAMES W. WADSWORTH, JR.,  
United States Senate.

Mr. WADSWORTH. Mr. President, I offer the amendment which is contained in the Secretary's letter. The letter describes very adequately the reasons for this request.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. Add after the amendment just agreed to, on page 75:

That the President be, and he is hereby, authorized, in the name of the Congress and people of the United States, to present to the city of Verdun, France, the congressional medal of honor as a mark of America's appreciation of the valor of its defenders.

Mr. WARREN. Mr. President, I want to ask the chairman if it would not be more distinctive and carry more honor if it were a special medal of honor, rather than to have it awarded as one among many medals of honor which, by the law, are restricted to certain people, officers and men, and for certain services? I think it ought to mean even more than what is proposed. The congressional medal of honor, as the Senator knows, can be bestowed only upon enlisted men and officers who are recommended sufficiently for extraordinary gallantry in action. Undoubtedly the people of Verdun, and the people of all France, have exhibited all kinds of gallantry; but this particular medal, which is for particular services, I think is rather insufficient. I am not going to object, of course, if the Senator sees fit to offer it in that shape. I think, however, that it ought to be a specially designed medal of honor given to that city as a distinctive medal from the Congress of the United States.

Mr. WADSWORTH. This is in line with the custom pursued in several foreign countries. It seems to be the practice there, and in some instances I think it is a very handsome practice, to confer a soldier's medal upon a community. In the French Army the flag of a regiment is very often decorated, just as an individual soldier would be decorated, with an individual medal, and the whole regiment is the proud possessor of that decoration. The *croix de guerre* can be given to a town. Several of the foreign Governments pursue that practice, and according to information coming from the Secretary of War several of the allied countries are conferring some of their decorations on the city of Verdun, and they are the same decorations which they confer upon individuals. It is suggested, and I have no doubt that the American ambassador to France forwarded the suggestion to this country, that we authorize the President to confer the congressional medal of honor upon the city of Verdun.

Mr. WARREN. Of course, those medals to which the Senator refers are of a different nature. Whatever the Congress may determine is all right, and I do not propose to object to this if the Senator thinks it can not be bettered, but it is a very extraordinary thing, and no medals of just that kind have been distributed by any country to my knowledge.

Mr. WADSWORTH. I think it is a very handsome thing to do, and I think the simpler these things are the better.

The amendment was agreed to.

Mr. SMITH of Arizona. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 39, after line 24, insert:

That the Secretary of War be, and he is hereby, authorized and directed to transfer to the Secretary of the Treasury, for the use of the Public Health Service, the military reservation of Whipple Barracks, Ariz., now occupied by said service for hospital purposes.

The amendment was agreed to.

Mr. FRELINGHUYSEN. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 11, line 5, after the word "required," strike out the comma and the figures "\$4,000,000" and insert a semicolon and the following:

For beginning the construction of buildings for the Signal Corps at Camp Alfred Vail, N. J., to be immediately available and remain available until expended, \$5,500,000: *Provided*, That section 1136, Revised Statutes, and the provisions contained in the sundry civil appropriation act of June 25, 1910, and the Army appropriation act of May 12, 1917, prescribing limitations as to the cost of certain structures, shall not apply to structures to be constructed under this appropriation.

Mr. FRELINGHUYSEN. Mr. President, this provides for a building plan of permanent construction for the Signal Corps of a research laboratory and school for enlisted specialists at Camp Vail, Little Silver, N. J. This was brought to the attention of the committee by the Signal Corps during the hearings, but owing to the fact that the Secretary of War had not approved of it and it had not been estimated for and had not been approved by the General Staff, the committee passed the amendment over.

Since that time the approval of the Secretary of War and the approval of the General Staff have been secured, and the estimate of \$1,500,000, which this amendment carries, has been estimated for by the Treasury Department.

Camp Alfred Vail is the base station of the Signal Corps. Everyone knows the service which was rendered by that branch of the Army during the war. At the present time there are over 1,000 enlisted men there and 40 officers, and the camp is unfit, practically, for the purposes for which it has been created. The Government owns 450 acres in fee simple, for which they paid \$125,000. They have expended in temporary buildings \$1,000,000. There are four wooden hangars with concrete floors; there are numerous wooden buildings used for radio laboratory.



work, but there are no facilities for heat, no water, and no gas. The officers' families have to board in the adjacent towns. The enlisted men are in these temporary shacks without heat or light, there being only one small stove at the end of these dormitories.

This school is already overburdened, but they have driven out of Leavenworth the tactical school for signal officers, and they have to care at this station for an increased number of officers and men by reason of the transfer of that school from Leavenworth to Camp Vail. They have a plan for permanent construction, the cuartel plan, providing for the establishment of permanent buildings and permanent quarters for officers, and this appropriation is to take care of enlisted men.

I am just as much in favor of economy as anyone else in the Senate, but this is one of the most important branches of the service and it has been the most neglected.

Mr. SHEPPARD. May I ask the Senator if it is not a fact that this is the only place now left where this instruction will be given?

Mr. FRELINGHUYSEN. It is the only place. I consider the research laboratory in this school for enlisted specialists, where a man who graduates from it is immediately taken by any telegraph or telephone company as an expert, as the most important one of our vocational schools in any of the branches of the Army. When we realize that it was this corps that devised the multiple system, I think it is called multiple-X, where 6 messages are sent on one wire in opposite directions, 12 messages at one time, we realize the commercial value of its scientific achievement. It was here that Gen. Squiers developed his wired wireless and carried on his experiments for that purpose, where insulated conductors were proven unnecessary for telephone and telegraph submarine cables.

Of course we all realize that the bill carries a very large appropriation, but I feel that this corps is so important that I have urged the War Department to present this estimate in order that it might go on the bill. The Signal Corps is one of the most important branches of the Army. They are carrying on research work that will undoubtedly produce inventions which will revolutionize the transmission of cable messages. I feel that, so far as this branch of the Army is concerned, we should be in advance and not behind other Governments in our experiments.

When we consider what we have done through this Signal Corps, I feel that the necessary appropriations should be made for a permanent laboratory and the permanent housing of these men at this important Army base. That is the reason why, after the committee has reported the bill, I have felt it my duty, an important duty, to present the amendment. I hope that the Senate will approve of it.

Mr. WADSWORTH. Mr. President, it is with the greatest regret and hesitation that I feel impelled to oppose the adoption of the amendment, knowing, as I do, the interest, and legitimate interest, which the Senator from New Jersey takes in it.

The Senate may be interested to know something of this situation. At Fort Leavenworth the War Department for some time has been carrying on a Signal Corps tactical training school. At Camp Alfred Vail, in New Jersey, which, as I recollect it, is a war-time camp, built during the war, they are conducting in a small way a training school for the men and doing some research work, but at Leavenworth the tactical use of the Signal Corps troops and the functioning of the Signal Corps organizations is taught in what might be termed the higher school.

The War Department issued an order transferring the Signal Corps school of Leavenworth to Camp Alfred Vail, N. J., and notified the personnel, naturally, that they would have to move soon. It then turned out that there are not enough accommodations at Camp Alfred Vail, it being a temporary camp, composed very largely of shacks.

Mr. FRELINGHUYSEN. May I interrupt the Senator?

Mr. WADSWORTH. Certainly.

Mr. FRELINGHUYSEN. I will say that they have been carrying on this research work in these enlisted schools during the entire war and the accommodations have never been satisfactory, and that last winter the enlisted men nearly froze, notwithstanding the fact that they are now overburdening that place with additional troops from Leavenworth.

Mr. WADSWORTH. That is true, and now they order more men there. When the Signal Corps officers came before the Committee on Military Affairs they described this situation rather briefly, but enough to call our attention to it. We asked if there was any estimate from the War Department regarding the project for the permanent building of a Signal Corps school or post at Camp Alfred Vail. It turned out at that time that there was no estimate, or if there was it was not ready to be

presented to Congress. In fact, the reply came back from the War Department that the estimate was not ready. The committee went ahead and finished the bill and reported it to the Senate. Yesterday or last Saturday the estimate arrived from the Secretary of War.

Mr. SHEPPARD. May I suggest that it was no fault of the Signal Corps? The Signal Corps sent it to the General Staff some weeks ago and the delay was on the part of the General Staff.

Mr. WADSWORTH. I am not blaming the Signal Corps in the slightest degree. They are the victims of an impossible situation. But only yesterday or two days ago this estimate arrived, after the committee had finished its work and reported the bill after lengthy hearings and after the Senate has had the bill under consideration a day or two.

This estimate carries an appropriation of \$1,500,000. It is for permanent construction—officers' quarters, administration buildings, I assume, and other things. It is to be the beginning of the building up of a permanent Army post. Not a member of the committee or a Member of the Senate has the slightest information from the War Department as to how large this post is going to be eventually, what plan is to be adhered to, what plan we are going to build to, how many men are going to be quartered there in time of peace, and the general nature of the institution which it is proposed to build has never been explained to the committee in any way whatsoever.

Mr. FRELINGHUYSEN. Mr. President—

Mr. WADSWORTH. I yield to the Senator.

Mr. FRELINGHUYSEN. I think the testimony explains to a certain degree the plan that the Signal Corps have in mind. It was stated that plans could not be prepared until legislation was enacted for the purpose. I read from the hearings:

Capt. ALBRO. The Signal Corps desires to submit, and will submit, to the Secretary of War, as its idea of this plant for Camp Vail, the cuartel style of construction, a quadrangle, 500 feet on the side on the inside. This construction at Camp Vail, when completed, will represent, heating plant and all, an outlay of approximately \$6,000,000.

Mr. WADSWORTH. This is just the beginning. I do not object to \$6,000,000 eventually, but I should like to see the plan sketched and laid before a committee of the Senate so that we can tell what this institution is to be. This business of sending to the Senate an estimate on a thing like this, involving permanent construction of a new Army post, after the committee has finished its work, is absolutely indefensible. It is not fair. The Senator from New Jersey is not to blame, nor is the Signal Corps.

Mr. FRELINGHUYSEN. I am perfectly willing to withdraw the amendment if the chairman of the committee feels that as a matter of policy it is not necessary for the Signal Corps to have a permanent establishment, that it is not necessary for the Government to carry on research radio work, this very important work, that it is not necessary for officers who are carrying on that work as a branch of the Government to be housed as comfortably as those at Leavenworth and West Point and elsewhere.

It is not a question as to what the procedure has been or what the ethics have been. The question is whether as a war policy it is wise to have the Signal Corps properly housed and properly equipped. If the Senator feels that it is not important, I am perfectly willing to withdraw the amendment.

Mr. WADSWORTH. I did not say that I do not think it is important, but if we are going to let things be done in this way for Camp Alfred Vail, why not put \$3,000,000 in the bill in the same way for Camp Bennis? There a new Army post is authorized, owned, and operated, and is going to be maintained. They are living in temporary buildings down there. There is another one at Camp Knox. There is another one at Camp Humphreys down the river. There is another one at Camp Bragg, and there is another at Camp Eustis, and so it goes all around the country. Those have been designated by order of the Secretary of War as permanent posts.

Some day, of course, temporary construction will have to be supplanted by more permanent construction, and the estimates for all that permanent construction should be submitted to the appropriate committees of Congress to give them opportunity to see what these plants are, what we are going to build to, and what the reasons are.

I say it is unfair to the Senate at large and to the Committee on Military Affairs to send an estimate here for \$1,500,000 for permanent construction at a camp that no member of the committee has seen, about whose size for the future we have no idea, about the nature of the construction at which we have no idea and have no information. It is unfair to send estimates here and ask that millions be voted from the Treasury on such a request as that. So I am compelled to oppose the request of the Senator from New Jersey.

Mr. FRELINGHUYSEN. Possibly there has been some error in the method in which this amendment has been presented, but I feel that it is so important that this research work, this radio and telegraphic work, should go on, that I have offered the amendment. That is the important question, whether the Army is going to continue instruction work, whether they are going to give Gen. Squiers, who has already contributed to scientific invention of immense value of millions and millions of dollars beyond this appropriation, incomplete equipment, and make these officers suffer during another winter which may be as inclement as the last one, or whether we are going to do for them what we do for other officers at other posts.

As I understand it, we can not have the plans drawn until we have the legislation. This limits the appropriation to \$1,500,000. Possibly if the committee has time, and I think we ought to take the time, they should go to these various posts and to these various war plants and investigate them. Possibly the committee could have made investigations and could have gone further, but I feel, and I am sincere in this, that we are making a grave mistake unless we give the Signal Corps enough money to provide the proper facilities and the proper housing for the men.

I ask for a vote on the amendment.

On a division, the amendment was rejected.

Mr. NEW. Mr. President, I offer the following amendment, notice of which was duly given.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. On page 75, after line 12, insert the following section:

Sec. 2. (a) That when used in this section—

(1) The term "person" includes an individual, partnership, corporation, and association;

(2) The term "aeroplane" includes aeroplanes, aeroplane motors, and accessories and parts thereof; and

(3) The term "purchase price" means the price or amount paid or to be paid for an aeroplane as packed for shipment to the United States, or in the case of an aeroplane imported for sale after entry, means the amount declared by the importer to be the price for which he intends to offer such aeroplane for sale.

(b) For the period of three years from the date of the passage of this act, any aeroplane imported into any State, Territory, District, or possession of the United States, shall be appraised at the port of entry to determine whether the purchase price thereof is less than the cost of production, as prescribed in paragraph L of section 3 of an act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913.

(c) If such purchase price is found to be less than such cost of production there shall be levied, collected, and paid, in addition to the duties, if any, otherwise provided by law on such imported aeroplanes, a special or dumping duty in the amount of the difference between the purchase price and such cost of production.

(d) If any person selling, shipping, consigning, or manufacturing aeroplanes exported to the United States fails or refuses to submit to the inspection of a duly accredited investigating officer of the United States, when so requested to do, any or all of his books, records, or accounts pertaining to the value or classification of such aeroplanes, then the Secretary of the Treasury is hereby empowered and directed, while such failure or refusal continues, to refuse entry into the United States of any aeroplane sold, shipped, consigned, or manufactured by such person.

(e) The Secretary of the Treasury is authorized to make rules and regulations for the determination of the purchase price of aeroplanes imported into the United States and such other rules and regulations as may be necessary for carrying out the provisions of this section.

(f) Any person who violates any provision of this section or of the rules or regulations made in pursuance thereof, or who by false declaration or otherwise directly or indirectly misrepresents to any officer or employee of the United States the purchase price of any aeroplane imported or to be imported into the United States, or who having imported an aeroplane for sale after entry sells or offers for sale such aeroplane at a price less than that declared by such person at the time of importation to be the price for which he intended to offer such aeroplane for sale, or any person who, being the purchaser, importer, or consignee of any aeroplane imported into the United States fails or refuses to submit to the inspection by a duly accredited investigating officer of the United States of any or all of his books, records, or accounts pertaining to such imported aeroplanes, shall be guilty of a misdemeanor and shall, upon conviction, be punished by a fine not exceeding \$5,000 or by imprisonment for not exceeding two years, or by both.

Mr. NEW. Mr. President, I do not care to make any statement concerning the purpose of the amendment unless there is occasion for my doing so.

Mr. KING. Mr. President, will the Senator from Indiana yield to me?

Mr. NEW. Certainly.

Mr. KING. I was about to raise a point of order against the proposed amendment that it is new legislation upon an appropriation bill, but I will reserve the point of order until the Senator makes an explanation, if he cares to do so.

Mr. NEW. Then, Mr. President, if the Senator will withhold his point of order, I will make a statement to the Senate giving the reasons for the amendment.

I believe that this is a very vital matter. If I did not so believe I certainly should not present the amendment at this time and to this bill. The pending measure, however, furnishes the only occasion that can be taken advantage of by Congress

for the adoption of this very necessary provision. I believe if Senators will listen to my statement they will be interested in the situation that is presented here for their consideration. The facts are these: Some time ago there was formed in England a commercial company which is known as the Aircraft Disposal Co., the president of which is Mr. F. Handley-Page, who is himself an engineer and inventor of one of the best known British machines. That company made a contract with the British Government, under the terms of which they took over all the surplus aircraft, including motors and their parts which were owned by the British Government, consisting of machines of all types. It cost the British Government to make these machines more than £100,000,000 and some estimates place the amount as nearer £200,000,000. We know, however, that their cost exceeded £100,000,000. The Aircraft Disposal Co. paid for those surplus machines £1,000,000 or 1 cent on the dollar.

Mr. President, there was a further provision in the contract to the effect that the Aircraft Disposal Co. was to give to the British Government 50 per cent of whatever profits accrued from the sale of the machines. If that is commercial competition, I am a poor judge of what constitutes commercial competition. The company was to sell those machines not in England but wherever they could elsewhere in the markets of the world. Arrangements have been made to sell those machines in this country, and numbers of them are at this moment on their way to the United States.

I have here a consular report furnished by the State Department, and in proof of what I say I should like to read a paragraph or two from the report, and then, with the permission of the Senate, I should like to put the report in the Record as a part of my remarks.

The VICE PRESIDENT. Without objection, permission to do so is granted.

Mr. NEW. I now read from the report of Alfred Nutting, clerk of the American consul general at London, England, which states:

With reference to the writer's report, under above title, dated March 17, 1920, and also the department's cable of March 25, 1920, it may be of interest to report that the London Daily Express of April 14 states that:

"Many important sales of aircraft to foreign countries have already been made by the syndicate which recently acquired the British Government's surplus war stock of airplanes, engines, and stores."

"Mr. F. Handley-Page, head of the disposal company, has just returned from America, and is already busy with plans for the sale of thousands of machines."

Then follows a statement from Mr. Page:

"Nobody actually knows yet how many airplanes we have acquired from the Government," said Mr. Page to a Daily Express representative yesterday. "It is the largest deal of its kind ever completed, and is much greater than Slough and the stock of army motor cars."

I may say that Mr. Handley-Page refers to a sale by Great Britain of army motor transports, and the aircraft sale is said to be very much greater than was that.

"We have taken so far more than six depots of airplanes and stores. There are still innumerable machines to be handed over to us."

Proceeding further, he says:

"We have achieved unification of sales by acquiring all the Government stocks and are in a position to deal much more advantageously than if there were a number of selling agencies—"

They have a monopoly—

"The Government will make a great deal of money out of their deal, and so, incidentally, shall we."

"The sum of £1,000,000 was the price paid by Mr. Handley-Page's syndicate to the Government for the surplus stocks of aircraft, with an undertaking to hand over 50 per cent of the profits made on reselling. Estimates put the total amount likely to be received from resales at £100,000,000."

Or \$500,000,000.

Mr. President, it is the purpose to sell all of that surplus stock of aircraft in this country which our market will absorb. As I have said, I know, and the Consular Bureau of the State Department will so inform any Senator upon inquiry, that many of these planes are at present on the sea on their way to the United States.

Mr. CHAMBERLAIN. Mr. President, may I interrupt the Senator?

Mr. NEW. Certainly.

Mr. CHAMBERLAIN. I should like to ask the Senator if it is not a fact that those machines which are being shipped over here now are practically obsolescent for the uses of the British Government?

Mr. NEW. Certainly.

Mr. CHAMBERLAIN. And that as they sell these machines they are building more modern types and improving those which they used during the war?

Mr. NEW. Mr. President, the hour is late, and I am not going to quote all of the authority I have here for the statement that I shall make as briefly as I can, but this whole



transaction is a part of the British plan to make Great Britain as much mistress of the air as she has been and proposes to continue to be mistress of the sea. She is manufacturing aircraft right along at a very rapid rate, while we here in the United States, having invented the airplane, have passed into a condition of absolute quiet, at least, and nonproductivity.

Mr. President, there has been formed an American company for the purpose of transporting mails, light freight, and so forth. With that company I have no quarrel, and I am not proposing to criticize them at all. I am willing that that company or any number of companies shall be formed here for the transportation of mail, freight, and even passengers, for that matter, for I believe that such development will surely come, but the particular company of which I speak is to buy the British planes to which I have referred, at what figure nobody knows. Whatever they pay for them, one-half of it goes to the British Government, our competitor—not a commercial concern. It is the British Government, and we might just as well realize it here in the Senate; and if the United States allows this thing to go through we are not only building up Great Britain's industry but we are absolutely putting a block in the path not merely of the progress but of the very existence of our own industry.

I have talked with Mr. Handley-Page himself before he returned to England; I have talked with various representatives of this transportation company of which I speak; I have talked with officials of the War Department and the State Department. I have innumerable authorities here, excerpts from British newspapers, and all, which prove absolutely the correctness of what I am saying. I do not care to occupy the attention of the Senate by presenting them in detail.

Mr. FRELINGHUYSEN. Mr. President, may I ask the Senator a question?

Mr. NEW. Certainly.

Mr. FRELINGHUYSEN. Will not this competition destroy facilities that the Government ought to rely on as a preparedness policy?

Mr. NEW. Mr. President, I was coming to that. Here is the further situation which the Senate must consider:

We all know what the experience of this country was in making airplanes when we got into this war. We had practically no facilities for making them. At the end of 18 months we had spent very much more than a billion dollars in making airplanes, and we had succeeded in establishing an industry which at that time was able to meet our needs. When the armistice was signed, however, all the Government's war orders, of course, were withdrawn at once. I say "of course," although I do not know exactly why they should have been, because they were not withdrawn in France, they were not withdrawn in Great Britain, and they have not been withdrawn or suspended in Germany by any manner of means. Great Britain and France both continued their orders to the companies manufacturing planes in those countries in order that they might continue in existence, and they tolled them along and eased them off until they could get some commercial demand on which to exist; but in this country we withdrew every bit of the Government's support.

Now, I am not criticizing that. That may have been sound policy. Whether it was or not, I am not going to stop here to say; but it was done just the same, and our industry was left to depend upon a commercial demand which did not exist and which has not yet come into existence to any very considerable extent. The result is that the industry has simply drifted along and drifted along until there is only about 5 per cent of it left; 95 per cent of it has been liquidated. If we had to send airplanes across the border to-day, we would have to rely upon foreign Governments to supply those machines. Except for five planes that have been made in Dayton in the last few months, we have few planes in this country except of the D-H type and a few planes that were made here for war purposes, and that are now obsolete.

That is true of what we are getting from Great Britain. They are not modern machines. They are machines that were made for military purposes. They are fairly adaptable to a certain degree for commercial purposes, and they will be brought over here in very large numbers and disposed of to whoever will buy them at any price that they can obtain for them, and one-half of the purchase money will be paid to the British Government. That is what becomes of it under that contract.

Mr. President, as I have tried to point out, this is the very last and only place where the Government of the United States can interpose to avoid the destruction of the aircraft industry in this country at this time.

Mr. KING. Mr. President, will the Senator yield?

Mr. NEW. Certainly.

Mr. KING. I should like to ask the Senator, first, the number of planes that the Government of the United States and private builders had at the close of war, and, secondly, what has become of those planes?

The Senator has just stated that there are no planes in the United States; that if we were called into war we would have no planes even to cross the boundary of Mexico; that we would have to rely upon other nations. My understanding was that the Liberty motor, of which we heard so much, was a great success, and that around it had been constructed almost the finest airplanes in the world. What has become of that great number of planes built by the Government at an expense of more than a billion dollars in the factories of private individuals?

Mr. NEW. If I said there were no planes, I did not mean that strictly. I do mean that there are no up-to-date machines. There are left in this country the undestroyed part, the residuum of what we made and had not shipped abroad prior to the armistice of November 11, 1918, mostly of the De Havilland 4 type. They are not combat planes; that is, they are not pursuit planes or anything of that kind. They are light bombers. They are suitable for the transportation of mail, and for the carrying of a passenger or two. Members of the Senate have flown in them. I have personally flown to New York in them a number of times, and made various flights around. For that sort of purpose they are all right; but they are not high-class pursuit planes or combat planes, as you understand the term "combat," and we have not anything of that kind in this country, except, as I said, and as was pointed out by the Senator from New York here a day or two ago, a few—less than half a dozen—that have been made under the auspices and direction of the Army engineering force at Dayton within the last year or so.

I am talking here, not to protect anybody's business, not from the commercial standpoint at all, but from the standpoint of the national defense; and I do not want to see a condition created in this country which is going to compel the little that there is left of the aircraft manufacturing industry to withdraw absolutely because there is no demand for it to supply. That is the situation, and that is the reason why at this time and in this connection I have presented the amendment that is before the Senate for its consideration.

#### APPENDIX.

The State Department has transmitted two consular reports from London, as follows:

##### SUPPLEMENTAL REPORTS—AIRPLANES FOR PURCHASE.

[From Alfred Nutting, clerk in the American consulate general, London, England, Apr. 14, 1920. Approved, W. Stanley Hollis, American consul general in charge.]

With reference to the writer's report under above title, dated March 17, 1920, and also the department's cable of March 25, 1920, it may be of interest to report that the London Daily Express of April 14 states that: "Many important sales of aircraft to foreign countries have already been made by the syndicate which recently acquired the British Government's surplus war stock of aeroplanes, engines, and stores."

"Mr. F. Handley-Page, head of the disposal company, has just returned from America, and is already busy with plans for the sale of thousands of machines."

"Nobody actually knows yet how many aeroplanes we have acquired from the Government," said Mr. Page to a Daily Express representative yesterday. "It is the largest deal of its kind ever completed, and is much greater than Slough and the stock of army motor cars. We have taken so far more than six depots of aeroplanes and stores. There are still innumerable machines to be handed over to us."

"We have achieved unification of sales by acquiring all the Government stocks and are in a position to deal much more advantageously than if there were a number of selling agencies. Machines are being sold to practically every country in the world and many deliveries have been made. Each machine sold takes with it a Government certificate of airworthiness. We do not adapt machines of other builders before selling them. The other firms do that for us."

"The Government will make a great deal of money out of their deal, and so, incidentally, shall we."

"The sum of £1,000,000 was the price paid by Mr. Handley-Page's syndicate to the Government for the surplus stocks of aircraft, with an undertaking to hand over 50 per cent of the profits made on reselling. Estimates put the total amount likely to be received from resales at £100,000,000."

ALFRED NUTTING.

##### AIRCRAFT FOR PURCHASE.

[From Alfred Nutting, clerk in the American consulate general, London, England, Mar. 17, 1920. Approved, Robert P. Skinner, American consul general.]

Within the past few days announcements have appeared in the press respecting the sale by the Government aircraft disposal board of all the stock of surplus aircraft, engines, etc., to a syndicate. The amount stated to have been paid is £1,000,000, while the value of stock taken over is estimated at £100,000,000, but the terms are that one-half of profits realized shall go to the Government.

In the first instance the purchase was made by a financial group, but it now appears, according to an official statement issued by Handley-Page (Ltd.), that such financial group was acting on behalf of the Aircraft Disposal Co., of which Handley-Page (Ltd.) are members.

The statement issued is as follows:

"With reference to the announcement which appeared in the press regarding the large transaction in British aircraft, the syndicate interested in the Aircraft Disposal Co. (Ltd.), by whom the following announcement has been made:

"The sale by the Government of all its surplus aircraft material, engines, spares, and accessories was completed at the end of last week. We did not purchase direct from the Government, but we have now taken over the whole of the benefits and liabilities of the purchasers. The company, which comprises widespread British interests, has been specially formed to carry on the whole of the work previously undertaken by the ministry of munitions in disposing of the surplus stocks of heavier-than-air machines and equipment. Offices have been taken in Kings Way and as rapidly as possible the organization will remove there from the present disposal board offices. The whole of the storage organization and the management of the large aircraft depots all over the country will pass into our control."

"The disposal board since the armistice have sold large numbers of machines, but their potential sales have been very much handicapped by their limitation to selling machines as they stand. Many of the machines for disposal are quite new, but in order to insure that every machine, engine, accessory, and spare is in perfect condition detailed inspection will take place before delivery and certificates of airworthiness will be given for all machines sold."

"Handley-Page (Ltd.), the well-known aircraft manufacturers, are members of the syndicate, and we shall have the full advantage of their experience in aircraft matters, as they will act as our technical advisers and be our sole agents for the disposal of the material."

ALFRED NUTTING.

Mr. WADSWORTH. Mr. President, may I supplement by just a word what the Senator from Indiana has said?

Mr. NEW. Certainly.

Mr. WADSWORTH. This thing is a real situation. The Aerial Age Weekly, which I think is the name of one of the leading papers in this country treating with aeronautical subjects, is carrying to-day full-page advertisements, with photographs of these machines, offering them to any person in America who wants to buy them at stated prices. I recollect that the famous Martinsyde machine is advertised for sale, with its picture and its record; how fast it has traveled; how much weight it can carry; and its reputation during the war. These machines have been put into first-class condition for everything except the most advanced war work, where special qualifications are necessary. They are as good as anything in the world to-day for ordinary light commercial purposes, and the prices at which they are advertised are at a level approximating 25 to 30 per cent of what it would cost to build them in this country in our own factories. It is a hopeless competition. It will destroy us for at least two or three years.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. WADSWORTH. Yes.

Mr. NORRIS. I have been very much interested in what the Senator from Indiana has said, but this idea occurred to me: He has demonstrated by what he has said that there is practically no such industry now in the United States. We are out of the business. Now, here are a lot of planes coming over here that the Senator from New York says are as good as any in the world, and they are going to be put on the market, did the Senator say, at 25 per cent of what it would cost to make them here?

Mr. WADSWORTH. The average is somewhere between 25 and 40 per cent of what it would cost to make them here.

Mr. NORRIS. That will be, in the eyes of the purchaser at least, a very good thing, because he will get them cheaply. Now, if we have lost all interest in this industry in this country, and there is no business here in the airplane line, and these good planes could come over here and be sold at a price at which the ordinary person could buy them, as seems to be the fact, would it not create a great sentiment all over the country in the airplane line? Would it not stimulate the use of the airplane? The persons who buy them will be smashing them up and breaking them. Would it not develop a lot of manufacturing and repairing? Would not the ingenuity of the American Yankee improve them, so that in the end it would be a good thing, and develop better airplanes here than though we did not get them and let the whole thing die out and forget all about airplanes?

Mr. WADSWORTH. Of course, that brings up the whole question of the protection of an industry. This is a competition which our people can not possibly stand, because it is not really commercial or industrial competition. British factories could not make those machines to-day and send them to this country, and sell them at any such low prices. This is the British Government unloading, and they are unloading for from 10 to 30 cents on the dollar.

Now, if the British types of machines, with all their selling agencies, are established in this country, and our people are made familiar with the British type and the British industry, and the spare parts must be purchased from British agents in this country, and those spare parts in the greater extent will be made in England and sent over here, and they will have their

supply houses here, their distributing points—they have already arranged their selling agencies; my information is that they are going to have traveling agents to demonstrate these planes with flyers going around with them and setting them up at any place where they want to stop off and demonstrate these planes—when they get the custom of the people of the United States it will take years and years to pry the people of the United States away from the habit of buying the British machines.

The man who gets the market first has a tremendous advantage. He gets accustomed to dealing with this selling agent and that supply house. That is a well-known thing in industry. The British industry will have the good will of the American customers, because there will not be any American industry to compete with the American customer for his good will.

We will recover from it some day in the natural evolution of events. This stock will be exhausted. We understand there are 10,000 of these machines. Think of it; 10,000 of them! But for the next three or four years the Government will not have an American factory to which it can appeal to turn out airplanes for its own use in any number. In the meantime, as I said, the American market will have been captured by our British cousins, and I think we have a right to say that they shall not be sold in this country for less than it costs to build them abroad.

Mr. NEW. Mr. President, if the Senator from New York will permit me, by way of a further answer to the question of the Senator from Nebraska [Mr. NORRIS], I will say that the price itself at which the Aircraft Disposal Co. gets the British service is proof conclusive, I take it, that what we are doing in this instance is merely helping the British Government to get what it can out of a surplus which it made for its own purpose, 1 per cent on the dollar. That is the amount of money paid by the Aircraft Disposal Co., £1,000,000 for more than £100,000,000 worth of airplanes. They are to be sold here, not at a fixed price, but at whatever those people can get. I do not undertake to say that they will be put up at auction, or anything of that kind. The American purchasers will come in and say, "Yes; we are buying them at a fixed price." Of course, they are selling for that, and whatever it is, that stands as the fixed price. But there is no price agreed on between the Aircraft Disposal Co. and the British Government. The British Government merely says, "take these planes and sell them for what you can get, and where you can sell them, and give us, in addition to the £1,000,000 you are paying, 50 per cent of the profit you make on the planes," and the profit they make on them is the measure of difference between the million pounds invested and the transportation to this country, with a little overhead; that is all.

In the meantime the British Government is going ahead with its manufacture, experimenting, building up an industry, devising new types, in order, as I said, and as they frankly say, that Great Britain may become the mistress of the air just as she is now mistress of the sea, and as these planes become obsolescent, the Aircraft Disposal Co., or some other kind of angel, takes them off their hands, and they are brought to the United States, forsooth, and sold to our people, and the British Government gets one-half of what we pay.

Mr. THOMAS. Mr. President, this measure is designed to meet a situation which is sui generis. It has been well described by the Senator from Indiana [Mr. NEW]. The airplane industry in the United States, which had a brief activity during the war, has since the armistice become practically nothing. Our own Government has been strangely indifferent to the importance of aviation in military affairs. That indifference is accentuated by the interest which has been displayed since the armistice by both France and Great Britain, Italy being a fairly good third. They realize, perhaps more vividly than we because they were engaged in the war much longer than the United States, that the progress made in the development of aircraft during that struggle justifies the conviction that wars of the future will be decided from the air. I have not a particle of doubt that if this war had continued for 6 or 8 or 10 months longer, the accomplishments of our aviation fleets would have greatly overshadowed those of our armies and of our naval fleets. I have not a particle of doubt that before midsummer Berlin and many of the other great German cities would have been laid in ashes by the allied aircraft. That nation, in my judgment, is wise, which, having taken to heart these tremendous lessons, is seeing to it that due provision shall be made against a recurrence of the World War. We alone are indifferent.

Aircraft is a new art in the world, and it is one which thus far has made but very slight inroads in commercial life. That it will become a great element of transportation in time,



I have no doubt, but until greater activity is manifested in that direction there is little opportunity for encouragement to aircraft building in this country outside of the military needs. Hence the importance of the Government's encouraging to an extreme, if need be, the establishment and continuation in America of some manufactories of aircraft, which may respond to our needs in the event of trouble in the future. The demand now for aircraft in this country is, perhaps, entirely commercial in its character, and being small, the two or three surviving institutions are having a hard time to live.

The machines which are to be brought over here, which are on the way here, are of a type which permits their use in the transportation of both passengers and goods. They are larger machines than we have ever manufactured in this country. They are capable of carrying something like a thousand pounds in weight in excess of the capacity of the ordinary machine.

Great Britain has seen an opportunity—and, true to her custom, she has been swift to take advantage of it—to get some return for her enormous expenditure in military aircraft and at the same time rid herself of an obsolescent supply and obtain good American money, to be used in the manufacture of up-to-date equipment. We, on the other hand, content ourselves with this invasion and patronize it because it will become the only source of supply.

That being the case, Mr. President, the country is face to face with an unbearable and unbelievable competition with the Government of Great Britain, for the substitution of a private corporation holding a contract with the Government is nothing but an agency to carry out that purpose. It is incredible that the British Government would make such a contract, whereby the nominal price paid for these machines is 1 per cent of their cost, reserving to herself the right to receive 50 per cent of all the profits and at the same time occupy the position that she is a disinterested party. The facts are inconsistent with that conclusion.

Given a restricted area of customers, and this enormous supply coming from abroad, and which can be sold at any price, exceeding 1 per cent of the cost plus transportation, to make a profit, and the result to the American manufacturer seems to be obvious. This is not such a case as was presented in the dyestuffs bill, where there is a probability of establishing an industry, self-supporting and capable of competing with the world. It is not the case of a general dumping bill designed to apply to all articles of merchandise anywhere which, if brought to this country, would only serve to reduce prices, but it is a case of an industry which has never yet been established, an industry which received great encouragement during the war only because it was during the war, an industry the nature of which has been demonstrated to be of supreme and overshadowing importance in times of war, an industry representing the newest development of military science, and perhaps the overshadowing one—I believe it is—which is bound to disappear under those circumstances, and what shall we do? The only thing which can be done at present, because the emergency is right here, is the enactment of a rider to this bill, limited in time, if you please, which will prevent the carrying out of this threatened program.

Mr. President, I do not believe in dumping systems. I do not believe in a high protective tariff. I have been opposed all my life to the theory of Government partnership with business. Yet I recognize that there are exceptions to certain rules, perhaps to all rules, and this appears to me as a supreme exception to every rule, for we can not afford to be dependent upon any country in the world in the event of a sudden emergency for the obtaining of a character of weapon for offense and defense so dominant of all other weapons as aircraft has become.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator yield to the Senator from Utah?

Mr. THOMAS. I yield.

Mr. KING. I propounded a question to the Senator from Indiana, and if he answered it I was inattentive and did not get his reply.

Mr. THOMAS. If he did not answer it, I am afraid that I can not, if it relates to aircraft.

Mr. KING. I invited his attention to the fact that we had constructed a large number of machines. My information is that those machines have been disposed of to one or two corporations of the United States, but are still in the hands of the Government. If they have been disposed of to a private corporation, is not this provision primarily for the purpose of protecting that corporation against any competition? That is one question.

Mr. THOMAS. I think not. I think it is secondarily designed to protect that corporation from competition, but not primarily. If I thought that, I would make a point of order against it myself.

Mr. KING. The Senator knows more about this matter than I do, but my information is that that corporation—the Curtiss plant—as I recall it, acquired from the Government of the United States a large number of machines.

Mr. THOMAS. That is true.

Mr. KING. And got those machines for an insignificant price.

Mr. THOMAS. A small price compared to the cost.

Mr. KING. It has those machines on hand. It wants to dispose of those which it has not already disposed of.

Mr. THOMAS. It has some of them. I suppose it has not disposed of all of them, though I know nothing about it.

Mr. KING. Of course, it is interested in preventing any competition.

Mr. THOMAS. Certainly; there is no doubt about that.

Mr. KING. It seeks a market and a monopoly in the United States as long as it has those machines and any others which it may construct.

Mr. THOMAS. It is certainly interested, selfishly interested, in this matter.

Mr. KING. Then this measure is in the interest of this corporation that acquired from the Government these machines.

Mr. THOMAS. Its effect will be to protect that corporation, of course, but its larger purpose is to serve the interest and welfare of the United States.

Mr. KING. Will the Senator pardon another question? As I understand the Senator, the aircraft situation is such in the United States that we need not expect any very great investment by private corporations in the development of aircraft.

Mr. THOMAS. Not at present.

Mr. KING. Primarily the Government would have to be the investor for the purpose of developing aircraft. Assuming that proposition to be true, how would the Government be disadvantaged by permitting aircraft to come in, because it would not be in competition with the Government? If the Government has to develop the enterprise, it would not suffer by reason of having new planes brought into the United States.

Mr. POINDEXTER. Mr. President—

Mr. THOMAS. I will yield in a moment. The Government is disadvantaged in this way: In the event of another emergency it would be compelled to reconstruct its aircraft program, beginning at the ground, and with the establishment of manufactories for the production of aircraft for its use. That, of course, would occupy God alone knows how long a time between the time of the beginning of our trouble and the time of its ending. We might lose out entirely because of the lack of appropriate aircraft both for offense and defense.

I now yield to the Senator from Washington.

Mr. POINDEXTER. In further answer to the question of the Senator from Utah [Mr. KING], I should like to suggest to him that the form of war airplane that this British corporation has arranged to sell in the United States is not to be sold to the Government. They are to be sold to private parties.

Mr. KING. I understand that.

Mr. POINDEXTER. So the Senator is to some degree mistaken in his assumption that only the Government affords a market for airplanes. There is being developed a very considerable market in this country for airplanes for business and pleasure purposes. The result, however, of taking away that private market from the American manufacturers will be just what the Senator from Colorado [Mr. THOMAS] has described. When the emergency arises and when the Government does desire to buy airplanes, when it will need mechanics and engineers and promoters and business organizations to produce those great machines, it will not have them, probably will not have in the country the men who will have the time and the technical skill required to supply the Government with its wants, and it will be taking away the private market from the people instead of the Government.

Mr. THOMAS. There is no question but that the bill will benefit local American manufacturers, of whom the Curtiss plant is but one. There are three or four other concerns struggling to get a footing, and all of them entitled, I think, to governmental consideration.

Mr. LODGE. Mr. President, I wish to ask the Senator if it is not true that if we are prevented from putting the amendment on the bill the effect will be to benefit the British manufacturer and the British Government?

Mr. THOMAS. Certainly. As the Senator from Indiana [Mr. NEW] said, shipments of these machines are now on the

seas and in all probability will be delivered here in the next few days. There is a considerable demand for this size of airships, I am informed. I do not say that they can be produced here at present. I doubt if they could be, but they never will be unless we can get some foothold here of a permanent character, which can be utilized in the event of need for utilization should arise.

The Senator from New Jersey [Mr. FRELINGHUYSEN] some time ago introduced an amendment, which was not accepted, which nevertheless refers to a vastly important element of our military service of our martial development as a result of our entry into the war, and that is the Signal Service.

There are three features characterizing the conduct of the last war which, in my judgment, will characterize, if not overshadow, all other features of future wars. One is the Signal Service. That development during the war virtually astounded in its character and in its extent.

It has been carried to a point where there is no such thing as secrecy as regards our campaigns, for our military purposes camps in the country of the enemy are nothing but whispering galleries. The science is, of course, incomplete; it is a constantly developing one; and one of the ways in which to make future wars impossible is to encourage the development in every respect of our Signal Service. Still another is the arm of Military Intelligence, which depends upon the Signal Service for instruments that are needed for very valuable work. The other is aviation.

We are getting away very rapidly from what in times past have been regarded as the indispensable elements of military defense or military offense; and while these older methods are of extreme value, while they never will become obsolete, the scientific advancements made in every direction during this war multiplied and complicated the established conclusion that the wars of the future will depend more upon these things than upon the methods which characterized the earlier stages of this and all the stages of previous wars.

Mr. HITCHCOCK. Mr. President, it seems to me that this subject is entirely too important to be treated in this summary way upon an appropriation bill, and I trust that the Senator from Utah [Mr. KING] will adhere to his purpose to interpose a point of order against it. There may be merit in the argument that is made; but if there be, the subject is one which is important enough to be taken up as a separate matter and treated in accordance with its very large importance.

As far as I am concerned, I think we are going entirely too far in attempting to protect the American people from cheap goods. What the American people are complaining about is the expense of living, the high prices of things, but this session has been signalized by placing upon the calendar a number of bills designed to add to the cost of the articles when they are placed upon the market. There is the dyestuffs bill, which the Senator from Colorado [Mr. THOMAS] himself so ably opposed, the pearl-button protection, the chemical glassware protection, the chemical porcelain protection, the protection against surgical instruments, the protection against cheap magnesite from Europe, and tungsten; and now we are to be protected against cheap aeroplanes.

I do not think that the American people are interested in these measures to increase the cost of things that they may be compelled to buy or desire to buy. But if it is true, if there is merit in the issue, it ought to be brought up on a separate bill and sufficient time given for a study of the matter.

Let us look at the history of our aeroplane experience a little. What was the fundamental reason which caused the failure of our aeroplane service during the war? It was due to fact that the aeroplane management drifted into the hands of men who were determined to build up the industry in the United States as a separate proposition, not only the manufacture of aeroplane engines but aeroplane parts and aeroplanes themselves. They endangered the success of the war by refusing to avail themselves of European prices and European experiences and induced the Government to expend hundreds of millions of dollars during the dreadful years of the war in building up, as they claimed, an American industry, instead of taking advantage of what Europe had already done in the way of aeroplane construction.

We had one investigation after another in the Senate, and we discovered that literally millions upon millions of dollars were expended in the United States toward the development of an aeroplane industry, and now we are told that there is no American aeroplane industry.

I do not think that at this stage of the game and upon this bill we ought to undertake to develop an American aeroplane industry by prohibiting practically the importation of aeroplanes that are already in existence in Europe and are offered

for sale. I can see quite a possibility that if aeroplanes were dumped upon this country by the hundreds and by the thousands, and should come into use among the people and in commercial use, there might be a more rapid development of aeroplane service than to bar them out and say, "You can have no aeroplanes unless you buy them at the present expensive cost of manufacture." I, for one, think it would be a mistake to put this practical prohibition upon this bill.

Mr. WADSWORTH. Will the Senator yield to me for just a moment?

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Nebraska yield to the Senator from New York?

Mr. HITCHCOCK. I yield.

Mr. WADSWORTH. I do not think the Senator from Nebraska will find by an examination of the proposed amendment that it proposes a prohibitive rate. As I recollect—the Senator from Indiana, of course, will correct me if I am wrong—the amendment does not propose to establish a tariff duty.

Mr. HITCHCOCK. I have the amendment here. It is, in effect, an antidumping proposition. A commission is to be established to appraise all airplanes which are brought to this country and practically to prohibit their sale at a cost which may be less than the cost of their manufacture.

Mr. WADSWORTH. Less than their cost of manufacture in the foreign country?

Mr. HITCHCOCK. Yes.

Mr. WADSWORTH. England and other countries will manufacture airplanes more cheaply than we can manufacture them for some time. This amendment can not be said to be prohibitive; it merely makes competition a little less hopeless for our people.

Mr. HITCHCOCK. Mr. President, we have in this country a few airplane factories, and in them have been sunk tens of millions of dollars of money which was appropriated by Congress. If after the expenditure of those many millions of dollars for airplanes those factories are not now able to manufacture airplanes in competition with airplane manufacturers of other countries and interest our people in them, I am in favor of allowing airplanes to come into the United States from other countries; and I am not alarmed over airplanes being sold to the people of the United States at cheap prices.

Mr. NEW. Will the Senator from Nebraska permit a question?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. HITCHCOCK. Yes; I yield.

Mr. NEW. The Senator from Nebraska says that he is in favor of airplanes being manufactured in other countries and being brought to this country under given circumstances, which he has just stated. Suppose the United States were to get into difficulty with Great Britain, how many airplanes does the Senator suppose Great Britain would then sell to the United States? If the United States were compelled to confront such an emergency, and Great Britain were manufacturing airplanes, and we had no airplane industry in this country, how many airplanes does the Senator from Nebraska think Great Britain would supply the United States?

Mr. HITCHCOCK. I think the proposition which the Senator states is one of those practically impossible ones which need not disturb us as practical men. We know that during the recent war hundreds of millions of dollars belonging to the people were squandered in an attempt to build up the airplane industry in the United States, and that the only benefit which accrued from that expenditure was the equipment of a number of vast factories. We know that after the war closed and the Government had no further use for airplanes in large quantities, all the vast amount of Government material and half-manufactured airplanes and completely manufactured airplanes were turned back to those factories at a very small cost upon the dollar. If those factories at the present time are not now in shape to put airplanes upon the market, I think the United States Government need not disturb itself very much more about their condition.

We have sacrificed enough for them; we have given them enough protection; we have put enough of the people's money into their treasuries. My judgment is that this is only one of a number of measures that will be attempted for the purpose of promoting and building up industries here at the expense of the consumer.

I know, as a matter of fact, and the Senator from Indiana knows, that the state of our trade now is such and the state of exchange is such that it is becoming more than ever difficult for the United States to export its natural products to Europe.



If we begin erecting barriers against Europe to prevent Europe from sending us the goods manufactured there, the state of exchange will get worse; it will become more difficult to export our cotton and more difficult to export our corn, our wheat, our mining products, and other natural products of this country, because Europe will find difficulty in paying for them. We can not continue to erect such barriers against European commerce and expect at the same time to sell our goods to Europe.

Mr. President, I have said about all I wish to say. I am not making any charge; I have not any means of knowing what interests are behind a movement of this sort. I know that Senators on the other side of the aisle have a perfectly legitimate reason for supporting every proposition which smacks of protection or provides for protection, but I am not a protection Senator. I do not believe in taxing the consumer for the purpose of building up the industries in this country; and I can not support a measure of this character, which belongs to the class of protective measures in the strongest degree. When such a proposition is introduced, it seems to me it ought to be introduced and considered on its merits; we ought to have the figures; we ought to know what airplane industries we have in this country; we ought to know something about the comparative cost of airplane manufacture in this country. I think it is a great mistake upon an appropriation bill of this character to propose such an amendment, which is far-reaching in its effect and which is certainly not in accordance with my views of legislation. In order to cut the matter short and to save time, I make the point of order against the amendment.

Mr. NEW. Mr. President, I desire to say merely a few words in conclusion. I want the Senator from Nebraska and the Senate generally to know, inasmuch as the contract between the Curtiss Co. and the United States Government has been referred to, that the Curtiss Co. some time ago informed the Secretary of War that it desired to be relieved from that contract. This amendment has no possible reference to that matter, and under the circumstances would have no bearing upon it.

I do not know that there is anything which can be added to what I have already stated with reference to the amendment. I think the Senate understands the question. I wish to say for myself that the amendment is not introduced as a tariff measure or to protect anybody's commercial interest. It is intended for the protection of the United States, and in that sense I am doubly a protectionist. If the amendment is to be rejected, I consider that I shall have done my duty in having presented it, and the responsibility for its rejection must rest upon the proper shoulders.

The PRESIDING OFFICER. Will the Senator from Nebraska state the grounds upon which he makes the point of order?

Mr. HITCHCOCK. I make the point of order that the amendment proposes general legislation upon an appropriation bill.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. MOSES. Mr. President, I offer the amendment which I send to the desk. I trust the Senator in charge of the bill will have no objection to the amendment, for it is a meritorious one.

The PRESIDING OFFICER. The amendment will be stated. The ASSISTANT SECRETARY. At the end of the bill it is proposed to add as a new section the following:

That the Secretary of War be, and he hereby is, authorized and directed to convey to the State of New Hampshire the title which the Federal Government now holds in the "Gun House Property," so called, in the city of Portsmouth, N. H.

Mr. WADSWORTH. As far as I am able to do so, I accept the amendment, although I can not do so on behalf of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire. The amendment was agreed to.

Mr. CAPPER. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 73, after line 20, it is proposed to insert the following:

That the widow of an officer or enlisted man of the Army, Navy, or Marine Corps, while she remains unmarried, shall be permitted, under regulations to be prescribed by the Secretary of War and the Secretary of the Navy, respectively, to purchase for cash for her personal use Government subsistence stores at the price charged officers and enlisted men of said services. The privilege herein granted shall also be enjoyed by any minor child of such officer or enlisted man whose mother is not living or who has abandoned him.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas.

Mr. KING. I raise the point of order against the amendment that it is general legislation.

The PRESIDING OFFICER. What is the ground of the point of order?

Mr. KING. That it proposes general legislation upon an appropriation bill.

The PRESIDING OFFICER. The point of order is sustained.

Mr. PHELAN. I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 75, after line 8, it is proposed to insert the following:

SEC. —. That whenever under the laws of the United States or under any rules and regulations of the War or Navy Departments made in conformity therewith any decoration, cross, medal, clasp, button, badge, ribbon, star, or other emblem, device, or insignia has been, or shall hereafter be, awarded to any person by reason of any act, deed, conduct, or service in, or in connection with, any war, campaign, or expedition in which the United States has engaged or shall hereafter engage, and such person shall have died prior to receiving the same, said decoration, device, or insignia shall be delivered to such of the next of kin of the deceased person or to his widow, as the President may prescribe, and upon such terms and conditions as the President may prescribe, and if such person has died or shall hereafter die prior to the award to which he would otherwise have been entitled such award may be posthumously made, in the discretion of the President, and such decoration, device, or insignia delivered to such next of kin, or to his widow, upon such terms and conditions as the President may prescribe.

That honorable separation from the service of the United States of persons who would otherwise be entitled to receive them shall not prohibit or preclude the issuance to such persons of such decorations, devices, emblems, or insignia as may have been or as may hereafter be authorized, allowed, or ordered to be awarded, issued, or bestowed upon persons in the service of the United States; and the Secretary of War and the Secretary of the Navy are authorized, after the proper award thereof is made, to issue such decoration, device, emblem, or insignia to the former personnel of their respective departments so entitled thereto, regardless of their previous separation from the service of the United States: *Provided*, That such decorations, emblems, devices, or insignia will hereafter be issued without charge to officers, warrant officers, and enlisted men entitled thereto.

That it shall be unlawful for any person to wear or to display upon his or her person within the United States or any other place subject to its jurisdiction with intent to deceive or mislead any decoration, cross, medal, bar, clasp, button, star, ribbon, badge, stripe, or other emblem, insignia, or device heretofore or hereafter authorized conferred, issued, or authorized to be worn under the laws of the United States, or under any rules and regulations of the War or Navy Departments made in conformity with the laws of the United States, by reason of, or to indicate heroic, distinguished, or meritorious acts, deeds, or conduct in the service of the United States, or honorable participation in the service of the United States in any war, campaign, or expedition in which the United States has been, or is, or shall be, a party, except the person upon account of whose acts, deeds, conduct, participation in, or connection with, such war, such emblem, insignia, or device was awarded, bestowed, or issued, or such other person as may be authorized by law or the order pursuant to which the same was awarded, bestowed, or issued to wear the same. Any person violating the provisions of this section shall, upon conviction, be punished by a fine not exceeding \$300 or imprisonment for not exceeding 90 days, or by both such fine and imprisonment.

That no print, cut, or pictorial representation of any medal, cross, clasp, button, badge, ribbon, emblem, or other decoration or award to any person by reason of any act, deed, conduct, or service in, or in connection with any war in which the United States has participated or may hereafter participate shall be used, published, printed, or exhibited on, or in connection with, an advertisement by any firm, company, or corporation for any purpose other than such as may be authorized by the Secretary of War or Secretary of the Navy. Any person violating the provisions of this section shall, upon conviction thereof, be punished by a fine not exceeding \$1,000 or imprisonment not exceeding one year, or by both such fine and imprisonment.

Mr. WADSWORTH. Mr. President, I think I shall have to make a point of order against the amendment.

Mr. PHELAN. Mr. President, in reference to the amendment, I desire to say that I have consulted the chairman of the Committee on Military Affairs, in charge of the pending bill. He was amazed at the information which I conveyed to him and stated that he would accept the amendment in order that it might go to conference. I should like to inform the Senate that there is now no law preventing the unauthorized use of victory buttons or other decorations. The Secretary of War in a letter to Representative KAHN said:

Last July Congress passed an act to prevent the unauthorized wearing of foreign decorations in the United States, but, remarkable as it seems, it is nevertheless a fact that there is no law on the statute books to-day which gives protection to the decorations of our own country. Obviously this condition should be remedied.

I may say that the department prepared the amendment presented by me.

The American Legion of Los Angeles called my attention to the matter in the following telegram, under date of May 18:

Victory buttons being sold in Los Angeles by local dealers and military shops without presentation of discharge or, in fact, any credentials which show service. Understand dies have been turned over to Bailey, Banks & Biddle, of Philadelphia, and are being farmed out to manufacturers. If anything remains sacred to the veteran of the World War, it is the victory button. Immediate drastic action is necessary to prevent a Nation-wide distribution of this emblem to slackers. Please spare no effort for immediate results.

I should think the chairman of the committee would accept the amendment in view of its importance.

Mr. WADSWORTH. Mr. President, the amendment goes further than merely imposing a penalty.

Mr. PHELAN. It also provides that the next of kin may receive the decorations of dead soldiers.

Mr. WADSWORTH. I know; but, Mr. President, while it may be all right, here is a bill which is quite different from what I understood the Senator was going to introduce. It is four pages long. I imagine there is not a Senator here except the Senator from California who has read it.

Mr. PHELAN. Mr. President, I only desire to get it before the conference committee in order that it may take action on the subject.

Mr. WADSWORTH. In other words, that is to say, the conference shall do the legislating for the Congress. The purpose of the rule is to give the Members of the Senate a chance to look into these matters. This includes the posthumous decoration. I do not know anything about it, and I am compelled to raise the point of order.

The PRESIDING OFFICER. The point of order is sustained.

Mr. NEW. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 17, after line 10, it is proposed to insert the following proviso:

*Provided, That hereafter officers on the retired list shall be allowed 75 per cent of the rate prescribed by law as representing the money equivalent of the authorized allowance for quarters for officers of their rank: Provided further, That nothing contained in this section shall operate to reduce the allowances of retired officers when assigned to active duty.*

Mr. NEW. Mr. President, the object of this amendment is to extend to retired Army officers the privileges of the commutation-of-quarters provision made for the active officers.

The situation with reference to the matter is this: It was the evident purpose of Congress, when the provision for the pay of retired officers was made, that they should have three-quarters of the pay and allowances of officers on the active list. The commutation-of-quarters act had not then been passed, and when it was passed by some omission it was not made to apply to retired officers. We have here the spectacle of retired officers, most of them men who have been retired for age, 64 and over, who, by reason of the fact that they are not getting the allowances of quarters, are getting not three-fourths of what the active officer is getting, but about 58 per cent of it; and here are these old men, those who are retired for age and those who are retired for disability, who are deprived of what I think they are justly entitled to, and what Congress meant that they should have. They suffer from the deprivation more than the younger man, more than the man who, by reason of age and physical condition, is much better able to contend with the high cost of living and other disabilities than the old fellow and the disabled man who come under the operation of this provision.

Mr. WARREN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Wyoming?

Mr. NEW. Certainly.

Mr. WARREN. I do not ask the Senator to yield. I make the point of order against the amendment. The matter might be taken up in legislation, but it is in no part of the law at present. It has not been considered, to my knowledge, by the committee. We have submitted this afternoon to about four hours of our time being taken on amendments offered to this bill, some good and some bad and some indifferent, perhaps, that are out of order and should not go on this appropriation bill.

While I appreciate what the Senator desires to do for these deserving officers, and might very likely vote for it if it came up in committee as legislation, I certainly must now make the point of order against the inclusion of the amendment in an appropriation bill.

The PRESIDING OFFICER. The point of order is sustained.

Mr. MYERS. Mr. President, I offer an amendment to be added at the end of the bill. It does not carry any appropriation, and does not in any way involve money matters.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to add, at the end of the bill, the following proviso:

*Provided, That the President is hereby authorized, in his discretion, to promote Capt. Hollis C. Clark, retired, recently on active duty as lieutenant colonel in the Air Service, to the grade of colonel on the retired list of the Army.*

Mr. MYERS. Mr. President, I sincerely hope no point of order will be raised against this amendment and that it may be adopted. Capt. Clark is a Montana man with whom I am well acquainted. He is an excellent gentleman, worthy and de-

serving, and he is a very meritorious and efficient officer. I see that at the bottom of page 75 there is in the bill a similar provision for Col. William C. Brown.

Mr. WADSWORTH. That was stricken out on a point of order. I intend to raise the same point of order in this case when the Senator is through.

Mr. MYERS. If that was stricken out on a point of order I hope this may not be.

Mr. WADSWORTH. It was stricken out.

Mr. MYERS. This may be different.

The PRESIDING OFFICER. Does the Senator from New York make the point of order?

Mr. WADSWORTH. When I can get the floor I will.

Mr. MYERS. I will take just a few minutes to speak of this exceptionally meritorious case. I am deeply interested in it. I know the facts. The Congress has repeatedly been so generous as to pass bills authorizing the President to restore to their ranks in the Army men who were convicted by court-martial of various offenses and put out of the Army; but that is not the case with Capt. Clark. There is not a thing against his record. It is without a flaw or blemish. Capt. Clark has rendered splendid service to his country. He did so both before and during the war with Germany.

He has been a very faithful and meritorious officer. He was retired a few years ago on account of ill health, but he regained his health, and became perfectly capable in a physical sense, in every sense, of resuming active service in the Army, and he did resume active service, and during the war with Germany served in the Aviation Corps. He attained during the war the rank of major, I think probably colonel, also. However, after hostilities ended, like many other temporary officers who saw active service, he was reduced to his former rank, captain. He is now, I understand, at the age where he can not be retired as a colonel, although if he had remained continuously in the Army, if it had not been for a hiatus on account of poor health, when he was out for a few years, he would now be eligible to be retired as a colonel. Having been reinstated and having served ably during the war, it is hard for him now on account of former ill health to be retired as captain.

This amendment simply leaves it in the discretion of the President to say whether or not Capt. Clark may be retired as colonel. It does not compel the President to retire Capt. Clark as colonel. It is to be simply left to his discretion; and I had hoped that there would be no objection to the amendment. I hope now there will be no point of order raised against it. Let us be fair to this gallant officer; give him a show.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Montana.

Mr. WADSWORTH. I raise the point of order.

The PRESIDING OFFICER. The point of order is sustained.

Mr. PHELAN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 62, line 6, it is proposed to insert:

*For the maintenance, support, and development of the manufacturing industries and increased storage facilities of the Benicia Arsenal, Calif., \$1,500,000.*

Mr. PHELAN. Mr. President—

Mr. WADSWORTH. Mr. President, this item has not been estimated for. I raise the point of order against it.

The PRESIDING OFFICER. The point of order is sustained.

Mr. WALSH of Massachusetts. Mr. President, on page 59, line 18, I move that the figures "\$700,000" be stricken from the bill and the figures "\$1,000,000" substituted therefor.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 59, line 18, under the heading of "Manufacture of arms," it is proposed to strike out "\$700,000" and in lieu thereof to insert "\$1,000,000."

Mr. WALSH of Massachusetts. Mr. President, this amendment is for the purpose of giving to the War Department the amount of money which they have asked for the manufacture of rifles.

The rifle in use in this country is known as the 1903 model. It is the best rifle in the world. It is made only at the Government arsenals. The War Department asked for a \$1,000,000 appropriation, which the House cut to \$700,000, and to which the Senate committee agreed. The appropriation made in this bill provides for the manufacture of 70 small arms per day. The appropriation asked for by the War Department would give a production of 125 small arms per day. If we are going to restrict our appropriations and economize, let us not begin with the rifles that are necessary for the training and equipment of our soldiers; and I think Congress ought to be very careful



about making it possible for any official of the War Department in the future, in case of an emergency, to point to the fact that we had cut down our appropriations to such an extent that we had prevented the manufacture of the necessary number of rifles to be used by our troops.

The change in this appropriation takes 50 rifles a day for 300 days in one year out of the supply for our Army, reducing the number 15,000, and in 10 years 150,000, if the same situation is permitted to continue. In the face of a statement which I shall read from an official of the War Department, how can we justify any action of ours that prevents our Army from being supplied with the necessary number of rifles to replace those in use each year?

To be sure, we have on hand a very large supply of rifles, but not of the 1903 model, which is the only one in use, and which, as I have said before, is the very best in the world.

I want to call attention now to the statement of Col. Rice at the hearing before the Committee on Military Affairs of the United States Senate:

We are running the plant at Springfield—

The plant where these rifles are made—

to manufacture the 1903 rifle, and this rate of 125 a day—

Which is the rate that will be provided for if the appropriation of \$1,000,000 is made—

will not be all that will be required for the annual replacements of the 1903 in service.

In other words, if we made this appropriation \$1,000,000, we would not even then be making the necessary number—namely, 15,000 more—that would be required to replace the rifles in service; yet we have reduced the appropriation from \$1,000,000 to \$700,000, and it can not be justified except upon the ground of economy. If we are going to justify it on that ground, we have got to admit that we do not propose to keep the employees or keep our armories in such shape as to be equipped to provide the necessary number of rifles to replace those in use each year.

These are the reasons. I am sure the chairman of the committee and the Committee on Military Affairs of the Senate would not have made any change in the appropriation if the House had made the amount \$1,000,000, but I think they felt inclined and disposed to follow the amount set by the House. That, it seems to me, does not justify our taking that action.

I hope the Senate will change this amount to \$1,000,000, and then at least we will be in the position of saying: "We gave to the War Department for the manufacture of rifles"—the first thing essential in any program of preparedness; what is the good of having men if we have not got rifles for them?—"all that the department asked for."

This is a great reduction over what has been asked for in previous years. Therefore, Mr. President, I hope the amendment will be adopted.

Mr. WADSWORTH. Mr. President, the facts are these: With a million dollars, which was denied by the House and also denied by the Senate committee, there would be a capacity of 125 rifles a day at that arsenal; with \$700,000, 85 could be made per day. I understood the Senator from Massachusetts [Mr. WALSH] to say 75, but the figures given to us by the Ordnance Office are 85. We have 2,000,000 rifles on hand today of the 1917 model, which was the British model modified to fit American ammunition, and I may say a most excellent rifle, though not quite as good as the Springfield. Of the Springfield rifle we have 800,000 on hand. The question is whether the Senate desires to keep more men at work making 125 rifles a day, or a few less making 85 rifles a day, of the Springfield model.

Mr. LODGE. Mr. President, I think I am not wrong in saying that the full capacity of the Springfield Arsenal is 500 rifles a day. I think it is 250 a day at the Rock Island Arsenal. This seems to be cutting it very low, indeed. For reasons never quite clear to me we took up the Enfield and shaped it for our ammunition, instead of making it so that it would fit English ammunition also. We have a large supply of those rifles, but the manufacture of the Springfield new model, which I think it is admitted is a better rifle, ought to be kept up. I naturally take an interest in it because of the great arsenal in my State, and I do not want any unreasonable cutting down in the manufacture of that rifle. I know perfectly well there has to be a reduction, but it seems to me it has been carried perhaps rather far, and that it is better economy to keep the arsenal working a little more nearly to its capacity, and that we ought to strengthen our supply of the Springfield new models, which is the best gun.

Mr. HITCHCOCK. Do I understand that we have on hand 800,000 rifles of the model of 1903?

Mr. LODGE. The chairman states that we have on hand 800,000.

Mr. HITCHCOCK. And something like 2,000,000 of the rifles made in 1917?

Mr. LODGE. Yes; those are the Enfield.

Mr. HITCHCOCK. Practically the same as we were told during the war?

Mr. LODGE. They are not practically the same. We arranged them to use our cartridges. They have a different mechanism.

Mr. HITCHCOCK. That matter was pretty well thrashed out.

Mr. LODGE. Eight hundred thousand Springfield rifles, on the basis of five guns to a man in active service, is not a very large supply; in fact, it is rather under, unless you are going to arm your young men with the new model.

Mr. HITCHCOCK. Of course, we have not anything like 800,000 men. We are providing for only about 150,000.

Mr. LODGE. The Senator must know that the tactics are somewhat different now. Generally three or four, and even five, rifles to a man are required in active service.

Mr. HITCHCOCK. I realize that as a war proposition, but we are now provided with 2,000,000 rifles of a type considered good enough for this last war, and 800,000 of this type. As I understand the Senator, the amendment is chiefly for the purpose of keeping the arsenal running. I am in sympathy with that idea. I think the arsenal should be kept running, but is it not sufficient to keep it running at 85 a day, which will give 25,000 rifles a year?

Mr. LODGE. That is a very small allowance for an arsenal with a capacity of 500 rifles a day. There is something in the plant, in the organization, that is worth preserving.

Mr. HITCHCOCK. I agree with the Senator's position on that point, and I shall be willing to go some distance in keeping the arsenal in operation, keeping the plant there; but it seems to me when we already have 800,000 of these very rifles, and 2,000,000 additional rifles that were considered amply good, which are practically the same, we ought to go a little slow about adding to the provision as made in the House.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Massachusetts [Mr. WALSH]. On a division, the amendment was rejected.

The bill was reported to the Senate as amended.

Mr. WADSWORTH. There was one amendment reserved. The paragraph beginning at line 13, page 61, which was stricken out in Committee of the Whole, I shall reoffer in the Senate.

The PRESIDING OFFICER. The question is on concurring in the amendments made as in Committee of the Whole, with the exception of the one indicated by the Senator from New York.

The amendments were concurred in.

Mr. WADSWORTH. I reoffer the amendment on page 61.

The ASSISTANT SECRETARY. The Senator from New York [Mr. WADSWORTH] moves to insert the paragraph beginning at line 13 on page 61, the item relative to the Aberdeen Ammunition Arsenal, Md.

Mr. WADSWORTH. The Secretary need not read it. It is the Aberdeen Arsenal amendment, which is well understood by Senators. I do not intend to discuss it, as I think most of the Senators here now heard all the discussion upon it. I will be satisfied with a division.

On a division, the amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. WADSWORTH. I move that the Senate request a conference with the House on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WADSWORTH, Mr. FRELINGHUYSEN, Mr. NEW, Mr. CHAMBERLAIN, and Mr. THOMAS conferees on the part of the Senate.

#### DISTRICT SCHOOL SYSTEM—EVENING SESSION TO-MORROW.

Mr. CURTIS. I ask unanimous consent that to-morrow, at not later than 5 o'clock p. m., the Senate take a recess until half past 7, and that at the evening session the report of the special committee on the public-school system in the District of Columbia be taken up for discussion only, and that no other business shall be transacted.

Mr. JONES of Washington. I object.

Mr. THOMAS. Does the Senator request that it be taken up for discussion only or for discussion and action?

Mr. CURTIS. Merely for discussion, not for action.

The PRESIDING OFFICER. Is there objection?

Mr. JONES of Washington. Has the report been submitted? Mr. CURTIS. It will be submitted to-morrow morning.

Mr. JONES of Washington. I object until the report has been submitted and printed, so that we may know something as to what it contains.

The PRESIDING OFFICER. Objection is made.

Mr. HARRISON. Mr. President, if the Senator will withhold his objection for a moment, the request was made in order to save the time of the Senate. There is going to be some discussion on the report relative to the school situation. I expect to say something about it; but I did not want to occupy the time of the Senate to-day, because I do not desire to delay the passage of the appropriation bills. But if objection is made to the request and we can not discuss the report at an evening session, I shall proceed to discuss it during the day.

Mr. JONES of Washington. I will withdraw the objection.

The PRESIDING OFFICER. The Senator from Washington withdraws his objection. Is there objection to the request for unanimous consent? The Chair hears none, and unanimous consent is granted.

The unanimous-consent agreement was reduced to writing, as follows:

It is agreed by unanimous consent that at not later than 5 o'clock p. m. on the calendar day of Wednesday, May 26, 1920, the Senate will take a recess until 7.30 o'clock p. m. on said day, the evening session to be devoted exclusively to the consideration of the report of the special committee appointed to investigate the public school system in the District of Columbia.

#### PENSION APPROPRIATIONS.

Mr. SMOOT. Mr. President, I ask unanimous consent that the Senate take up the bill H. R. 13416, the pension appropriation bill.

The PRESIDING OFFICER. Is there objection?

Mr. UNDERWOOD. I would like to have the bill reported.

Mr. SMOOT. It is the pension appropriation bill and carries just what the statutes call for. If there is any discussion or any objection, I will withdraw the request.

The PRESIDING OFFICER. The Senator from Utah asks unanimous consent to take up House bill 13416, the pension appropriation bill. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 13416) making appropriations for the payment of invalid and other pensions of the United States for the fiscal year ending June 30, 1921, and for other purposes, which had been reported from the Committee on Pensions with amendments.

The amendments were, on page 1, line 11, after the word "Congress," to strike out "\$214,000,000" and insert "\$279,000,000"; and on page 2, line 8, after "1921," strike out "\$20,000" and to insert "\$150,000," so as to make the bill read:

*Be it enacted, etc.* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the payment of pensions for the fiscal year ending June 30, 1921, and for other purposes, namely:

Army and Navy pensions, as follows: For invalids, widows, minor children, and dependent relatives, Army nurses, and all other pensioners who are now borne on the rolls, or who may hereafter be placed thereon: under the provisions of any and all acts of Congress, \$279,000,000: *Provided*, That the appropriation aforesaid for Navy pensions shall be paid from the income of the Navy pension fund, so far as the same shall be sufficient for that purpose: *Provided further*, That the amount expended under each of the above items shall be accounted for separately.

For fees and expenses of examining surgeons, pensions, for services rendered within the fiscal year 1921, \$150,000.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### WATER-POWER DEVELOPMENT—CONFERENCE REPORT.

Mr. JONES of Washington. I move that the Senate proceed to the consideration of the conference report on the bill (H. R. 3184) known as the water-power bill.

I make this motion with the understanding that if the Senator from Wyoming [Mr. WARREN] should desire to call up the sundry civil bill, the water-power bill may be temporarily laid aside.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3184) to create a Federal power commission and to define its powers and duties, to provide for the improvement of navigation, for the development of water power, for the use of lands of the United States in relation thereto, to repeal section 18 of "An act making appropriations for the construction,

repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved August 8, 1917, and for other purposes.

Mr. WARREN. I wish to call up the sundry civil appropriation bill.

Mr. JONES of Washington. I ask unanimous consent that the conference report on the water-power bill may be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

#### SUNDY CIVIL APPROPRIATIONS.

Mr. WARREN. I ask unanimous consent that the Senate proceed to the consideration of the bill H. R. 13870, the sundry civil appropriation bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 13870) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1921, and for other purposes.

#### RECESS.

Mr. LODGE. I move that the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and (at 5 o'clock and 55 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, May 26, 1920, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

TUESDAY, May 25, 1920.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Good Lord deliver us, we pray Thee, from that class of people passing up and down through the land seeking whom they may devour, who delight in calling themselves free thinkers, who think little and read less from wholesome literature, but who spend their time in sowing the seeds of discord, hate, and revenge, ever preaching free speech, free press, free assembly where they can carry on their propaganda among the credulous.

They are here to destroy and eat the bread of idleness. Have mercy upon them and create in their minds a desire to promote peace and happiness in every home under the best Government under the sun. In the spirit of the Master. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### REFERENCE OF A BILL.

Mr. LANGLEY. Mr. Speaker, I ask unanimous consent that the Committee on the Public Lands be discharged from the further consideration of the bill S. 3995, and that the same be referred to the Committee on Public Buildings and Grounds. I may say that this action is at the request of the Committee on the Public Lands and that the minority leader has been consulted.

The SPEAKER. The gentleman from Kentucky asks unanimous consent for the reference of a bill.

Mr. CLARK of Missouri. Mr. Speaker, I would like to ask the gentleman from Kentucky if this is the same bill that he was talking to me about?

Mr. LANGLEY. It is.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

S. 3995. An act providing for the relinquishment of certain described property by the United States to the city and county of San Francisco, State of California.

The SPEAKER. Is there objection to the rereference?

There was no objection.

#### RURAL CREDIT.

Mr. RANDALL of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill H. R. 12678, the rural credit bill.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to extend his remarks in the RECORD on the rural credit bill. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.



## REHABILITATION OF PERSONS DISABLED IN INDUSTRY.

Mr. FESS. Mr. Speaker, I offer a privileged resolution from the Committee on Rules.

Mr. BLANTON. Mr. Speaker, I think we ought to have a quorum before that matter is taken up, and I make the point that no quorum is present.

The SPEAKER. The gentleman from Texas makes the point that no quorum is present. The Chair will count. One hundred and three Members present, not a quorum.

Mr. MONDELL. Mr. Speaker, I move a call of the House. The motion was agreed to.

The doors were closed, and the Sergeant at Arms was directed to bring in absentees.

The Clerk called the roll, and the following Members failed to answer to their names:

Andrews, Md.	Donovan	Hulings	Padgett
Bacharach	Doolling	Hull, Iowa	Palge
Baer	Drane	Ireland	Parker
Benson	Drewry	Johnson, S. Dak.	Reed, N. Y.
Booher	Dunbar	Johnston, N. Y.	Reed, W. Va.
Bowers	Eagan	Jones, Pa.	Rhodes
Brinson	Eagle	Keller	Riddick
Britten	Echols	Kelley, Mich.	Riordan
Brooks, Pa.	Ellsworth	Kennedy, Iowa	Rowan
Burke	Elston	Kennedy, R. I.	Rucker
Butler	Esch	Kettner	Sanders, N. Y.
Caldwell	Evans, Nev.	Kiess	Scully
Cantrill	Ferris	Kitchin	Sears
Carew	Gallagher	Kreider	Shreve
Carter	Ganly	Lankford	Sinclair
Clark, Fla.	Godwin, N. C.	Larsen	Small
Cole	Goodykoontz	McCulloch	Smith, Ill.
Copley	Gould	McKinley	Smith, N. Y.
Costello	Hamill	McPherson	Smithwick
Crago	Harrison	Maher	Snyder
Cullen	Hastings	Merritt	Stoll
Curry, Calif.	Hayden	Morin	Sullivan
Dale	Hays	Neely	Tillman
Davey	Hernandez	Nicholls	Winslow
Dempsey	Hickey	O'Connor	Young, N. Dak.

The SPEAKER. Three hundred and twenty-seven Members have answered to their names. A quorum is present.

Mr. FESS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

The SPEAKER. The gentleman from Ohio presents a privileged resolution, which the Clerk will report.

The Clerk read as follows:

## House resolution 556.

*Resolved*, That immediately upon the adoption of this resolution the Committee on Education be, and the same is hereby, discharged from the further consideration of the bill (H. R. 4438) to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment, with the Senate amendment thereto, and it shall be in order to consider the same in the House as in the Committee of the Whole.

Mr. FESS. Mr. Speaker, the House resolution when it reached the Senate was taken up for consideration. The Senate offered but one amendment by striking out all of the House resolution after the enacting clause and inserting the Senate bill, which virtually is the same as the House bill, differing only in some minor details. When it came over to the House the Senate asked for a conference. The conference was objected to here, and so it went to the Committee on Education. In order to bring the bill before the House for immediate consideration without further delay, the Rules Committee has reported this rule to discharge the Committee on Education and to bring the bill before the House to be considered in the House as in Committee of the Whole. I propose to make a motion to concur in the Senate amendment. I have understood that there is no desire on the part of the minority members on the Rules Committee for time, and I therefore move the previous question.

Mr. CANNON. Let me understand. Does the gentleman propose to move to concur in the Senate amendment without debate?

Mr. FESS. No; it will be debated in the House.

Mr. CANNON. Under the five-minute rule?

Mr. FESS. Yes.

The SPEAKER. The question is on the motion of the gentleman from Ohio for the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. WALSH) there were 137 ayes and 53 noes.

So the resolution was agreed to.

Mr. FESS. Mr. Speaker, I call up the bill H. R. 4438, to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment, and ask that the Clerk report the same, together with the Senate amendment thereto.

The Clerk read as follows:

*Be it enacted, etc.*, That in order to provide for the promotion of vocational rehabilitation of persons disabled in industrial pursuits, including agriculture, trade, commerce, manufacturing, mining, transportation, and all the mechanic arts, and who are without sufficient means to provide for their own rehabilitation and their return to civil employment, and, in the opinion of the State board, are unable to carry on a gainful occupation, to resume their former occupations, or to enter upon some other occupation, or having resumed or entered upon such occupation are unable to continue at the same successfully, there is hereby authorized to be appropriated for the use of the States, subject to the provisions of this act, for the purpose of cooperating with them in the maintenance of vocational rehabilitation of such disabled persons, and in returning vocationally rehabilitated persons to civil employment for the fiscal year ending June 30, 1920, the sum of \$500,000; for the fiscal year ending June 30, 1921, the sum of \$750,000; for the fiscal year ending June 30, 1922, and annually thereafter, the sum of \$1,000,000. Said sum shall be allotted to the States in the proportion which their population bears to the total population in the United States, not including Territories, outlying possessions, and the District of Columbia, according to the last preceding United States census: *Provided*, That the allotment of funds to any State shall not be less than a minimum of \$5,000 for any fiscal year. And there is hereby authorized to be appropriated the following sums, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotment to the States provided for in this section, for the fiscal year ending June 30, 1920, the sum of \$66,000; for the fiscal year ending June 30, 1921, the sum of \$46,000; for the fiscal year ending June 30, 1922, and annually thereafter, the sum of \$34,000.

All moneys expended under the provisions of this act from appropriations authorized by section 1 shall be upon condition (1) that for each dollar of Federal money expended there shall be expended in the State under the supervision and control of the State board at least an equal amount for the same purpose: *Provided*, That no portion of the appropriation authorized by this act shall be used by any institution for handicapped persons except for the special training of such individuals entitled to the benefits of this act as shall by a general plan of supervision be determined by the Federal board; (2) that the State board shall annually submit to the Federal board for approval plans showing (a) the kinds of vocational rehabilitation and schemes of placement for which it is proposed the appropriation shall be used; (b) the plan of administration and supervision; (c) courses of study; (d) methods of instruction; (e) qualification of teachers, supervisors, directors, and other necessary administrative officers or employees; (f) plans for the training of teachers, supervisors, and directors; (3) that the State board shall make an annual report to the Federal board on or before September 1 of each year on the work done in the State and on the receipts and expenditures of money under the provisions of this act; (4) that no portion of any moneys from appropriations authorized by this act for the benefit of the States shall be applied, directly or indirectly, to the purchase, preservation, erection, or repair of any building or buildings or equipment, or for the purchase or rental of any lands; (5) that all courses for vocational rehabilitation given under the supervision and control of the State board and all courses for vocational rehabilitation maintained shall be available, under such rules and regulations as the Federal board shall prescribe, to any civil employee of the United States disabled while in the performance of his duty.

SEC. 2. That in order to secure the benefits of the appropriations authorized by section 1 any State shall, through the legislative authority thereof, (1) accept the provisions of this act; (2) empower and direct the board designated or created as the State board for vocational education to cooperate in the administration of the provisions of the vocational education act, approved February 23, 1917, to cooperate as herein provided with the Federal Board for Vocational Education in the administration of the provisions of this act; (3) in those States where a State workmen's compensation board, or other State board, department, or agency exists, charged with the administration of the State workmen's compensation or liability laws, the legislature shall provide that a plan of cooperation be formulated between such State board, department, or agency, and the State board charged with the administration of this act, such plan to be effective when approved by the governor of the State; (4) provide for the supervision and support of the course of vocational rehabilitation to be provided by the State board in carrying out the provisions of this act; (5) appoint as custodian for said appropriations its State treasurer, who shall receive and provide for the proper custody and disbursement of all money paid to the State from said appropriations. In any State the legislature of which does not meet in 1920 or 1921 if the governor of that State shall accept the provision of this act, such State shall be entitled to the benefits of this act until the legislature of such State meets in due course and has been in session 60 days.

SEC. 3. That the Federal Board for Vocational Education shall have power to cooperate with State boards in carrying out the purposes and provisions of this act, and is hereby authorized to make and establish such rules and regulations as may be necessary or appropriate to carry into effect the provisions of this act; to provide for the vocational rehabilitation of disabled persons and their return to civil employment and to cooperate, for the purpose of carrying out the provisions of this act, with such public and private agencies as it may deem advisable. It shall be the duty of said board (1) to examine plans submitted by the State boards and approve the same if believed to be feasible and found to be in conformity with the provisions and purposes of this act; (2) to ascertain annually whether the several States are using or are prepared to use the money received by them in accordance with the provisions of this act; (3) to certify on or before the 1st day of January of each year to the Secretary of the Treasury each State which has accepted the provisions of this act and complied therewith, together with the amount which each State is entitled to receive under the provisions of this act; (4) to deduct from the next succeeding allotment to any State whenever any portion of the fund annually allotted has not been expended for the purpose provided for in this act a sum equal to such unexpended portion: *Provided*, That no deduction from the allotment to any State shall be made until one year after the legislature of said State shall first meet after the passage hereof; (5) to withhold the allotment of moneys to any State whenever it shall be determined that moneys allotted are not being expended for the purposes and conditions of this act; (6) to require the replacement by withholding subsequent allotments of any portion of the moneys received by the custodian of any State under this act that by any action or contingency is diminished or lost: *Provided*, That if any allotment is withheld from any State for a period of three years after the appropriation is made, it shall be covered into the Treasury.



SEC. 4. That the Secretary of the Treasury, upon the certification of the Federal board, as provided in this act, shall pay quarterly to the treasurer of each State the moneys to which it is entitled under the provisions of this act. The money so received by the treasurer of any State shall be paid out on the requisition of the State board as reimbursement for services already rendered or expenditures already incurred and approved by said State board. The Federal Board for Vocational Education shall make an annual report to the Congress on or before December 1 on the administration of this act, and shall include in such report the reports made by the State boards on the administration of this act by each State and the expenditure of the money allotted to each State.

SEC. 5. That there is hereby authorized to be appropriated to the Federal Board for Vocational Education the sum of \$50,000 for the fiscal year ending June 30, 1920, and annually thereafter for the period of four years, \$75,000 for the administrative expenses of said board incident to performing the duties imposed by this act, including salaries of such assistants, experts, clerks, and other employees, in the District of Columbia or elsewhere as the board may deem necessary, actual traveling and other necessary expenses incurred by the members of the board and by its employees, under its orders, rent and equipment of offices in the District of Columbia, stationery, typewriters and exchange thereof, miscellaneous supplies, postage on foreign mail, printing and binding to be done at the Government Printing Office, and all other necessary expenses.

A full report of all expenses under this section, including names of all employees and salaries paid them, traveling expenses and other expenses incurred by each and every employee and by members of the board, shall be submitted annually to Congress by the board.

No salaries shall be paid out of the fund provided in this section in excess of the following amounts: At the rate of \$4,000 per annum, to not more than one person; at the rate of \$3,600 per annum each, to not more than four persons; at the rate of \$3,500 per annum each, to not more than five persons; and no other employee shall receive compensation at a rate in excess of \$2,500 per annum: *Provided*, That no person receiving compensation at less than \$3,500 per annum shall receive in excess of the amount of compensation paid in the regular departments of the Government for like or similar services: *Provided*, That no part of the moneys herein authorized shall be expended for the publication, printing, or preparation of any magazine, newspapers, or periodicals unless authorized by the Joint Committee on Printing.

SEC. 6. That the Federal Board for Vocational Education is hereby authorized and empowered to receive such gifts and donations from either public or private sources as may be offered unconditionally. All moneys received as gifts or donations shall be paid into the Treasury of the United States, and shall constitute a permanent fund, to be called the "Special fund for vocational rehabilitation of disabled persons," to be used under the direction of the said board to defray the expenses of providing and maintaining courses of vocational rehabilitation in special cases, including the payment of necessary expenses of persons undergoing training. A full report of all gifts and donations offered and accepted, together with the names of the donors and the respective amounts contributed by each, and all disbursements therefrom shall be submitted annually to Congress by said board.

#### With the following Senate amendment:

That in order to provide for the promotion of vocational rehabilitation of persons disabled in industry or in any legitimate occupation and their return to civil employment there is hereby appropriated for the use of the States, subject to the provisions of this act, for the purpose of cooperating with them in the maintenance of vocational rehabilitation of such disabled persons, and in returning vocationally rehabilitated persons to civil employment for the fiscal year ending June 30, 1921, the sum of \$750,000; for the fiscal year ending June 30, 1922, and thereafter for a period of two years, the sum of \$1,000,000 annually. Said sums shall be allotted to the States in the proportion which their population bears to the total population in the United States, not including Territories, outlying possessions, and the District of Columbia, according to the last preceding United States census: *Provided*, That the allotment of funds to any State shall not be less than a minimum of \$5,000 for any fiscal year. And there is hereby appropriated the following sums, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotment to the States provided for in this section, for the fiscal year ending June 30, 1921, the sum of \$46,000; for the fiscal year ending June 30, 1922, and annually thereafter, the sum of \$34,000.

All moneys expended under the provisions of this act from appropriations provided by section 1 shall be upon the condition (1) that for each dollar of Federal money expended there shall be expended in the State under the supervision and control of the State board at least an equal amount for the same purpose: *Provided*, That no portion of the appropriation made by this act shall be used by any institution for handicapped persons except for the special training of such individuals entitled to the benefits of this act as shall be determined by the Federal board; (2) that the State board shall annually submit to the Federal board for approval plans showing (a) the kinds of vocational rehabilitation and schemes of placement for which it is proposed the appropriation shall be used; (b) the plan of administration and supervision; (c) courses of study; (d) methods of instruction; (e) qualification of teachers, supervisors, directors, and other necessary administrative officers or employees; (f) plans for the training of teachers, supervisors, and directors; (3) that the State board shall make an annual report to the Federal board on or before September 1 of each year on the work done in the State and on the receipts and expenditures of money under the provisions of this act; (4) that no portion of any moneys appropriated by this act for the benefit of the States shall be applied, directly or indirectly, to the purchase, preservation, erection, or repair of any building or buildings or equipment, or for the purchase or rental of any lands; (5) that all courses for vocational rehabilitation given under the supervision and control of the State board and all courses for vocational rehabilitation maintained shall be available, under such rules and regulations as the Federal board shall prescribe, to any civil employee of the United States disabled while in the performance of his duty.

SEC. 2. That for the purpose of this act the term "persons disabled" shall be construed to mean any person who, by reason of a physical defect or infirmity, whether congenital or acquired by accident, injury, or disease, is, or may be expected to be, totally or partially incapacitated for remunerative occupation; the term "rehabilitation" shall be construed to mean the rendering of a person disabled fit to engage in a remunerative occupation.

SEC. 3. That in order to secure the benefits of the appropriations provided by section 1 any State shall, through the legislative authority

thereof, (1) accept the provisions of this act; (2) empower and direct the board designated or created as the State board for vocational education to cooperate in the administration of the provisions of the vocational education act, approved February 23, 1917, to cooperate as herein provided with the Federal Board for Vocational Education in the administration of the provisions of this act; (3) in those States where a State workmen's compensation board, or other State board, department, or agency exists, charged with the administration of the State workmen's compensation or liability laws, the legislature shall provide that a plan of cooperation be formulated between such State board, department, or agency and the State board charged with the administration of this act, such plan to be effective when approved by the governor of the State; (4) provide for the supervision and support of the courses of vocational rehabilitation to be provided by the State board in carrying out the provisions of this act; (5) appoint as custodian for said appropriations its State treasurer, who shall receive and provide for the proper custody and disbursement of all money paid to the State from said appropriations. In any State the legislature of which does not meet in regular session between the date of the passage of this act and December 31, 1920, if the governor of that State shall accept the provisions of this act, such State shall be entitled to the benefits of this act until the legislature of such State meets in due course and has been in session 60 days.

SEC. 4. That the Federal Board for Vocational Education shall have power to cooperate with State boards in carrying out the purposes and provisions of this act, and is hereby authorized to make and establish such rules and regulations as may be necessary or appropriate to carry into effect the provisions of this act; to provide for the vocational rehabilitation of disabled persons and their return to civil employment and to cooperate, for the purpose of carrying out the provisions of this act, with such public and private agencies as it may deem advisable. It shall be the duty of said board (1) to examine plans submitted by the State boards and approve the same if believed to be feasible and found to be in conformity with the provisions and purposes of this act; (2) to ascertain annually whether the several States are using or are prepared to use the money received by them in accordance with the provisions of this act; (3) to certify on or before the 1st day of January of each year to the Secretary of the Treasury each State which has accepted the provisions of this act and complied therewith, together with the amount which each State is entitled to receive under the provisions of this act; (4) to deduct from the next succeeding allotment to any State whenever any portion of the fund annually allotted has not been expended for the purpose provided for in this act a sum equal to such unexpended portion; (5) to withhold the allotment of moneys to any State whenever it shall be determined that moneys allotted are not being expended for the purposes and conditions of this act; (6) to require the replacement by withholding subsequent allotments of any portion of the moneys received by the custodian of any State under this act that by any action or contingency is diminished or lost: *Provided*, That if any allotment is withheld from any State, the State board of such State may appeal to the Congress of the United States, and if the Congress shall not, within one year from the time of said appeal, direct such sum to be paid, it shall be covered into the Treasury.

SEC. 5. That the Secretary of the Treasury, upon the certification of the Federal board as provided in this act, shall pay quarterly to the custodian of each State appointed as herein provided the moneys to which it is entitled under the provisions of this act. The money so received by the custodian for any State shall be paid out on the requisition of the State board as reimbursement for services already rendered or expenditures already incurred and approved by said State board. The Federal Board for Vocational Education shall make an annual report to the Congress on or before December 1 on the administration of this act and shall include in such report the reports made by the State boards on the administration of this act by each State and the expenditure of the money allotted to each State.

SEC. 6. That there is hereby appropriated to the Federal Board for Vocational Education the sum of \$75,000 annually for a period of four years for the purpose of making studies, investigations, and reports regarding the vocational rehabilitation of disabled persons and their placements in suitable or gainful occupations, and for the administrative expenses of said board incident to performing the duties imposed by this act, including salaries of such assistants, experts, clerks, and other employees, in the District of Columbia or elsewhere, as the board may deem necessary, actual traveling and other necessary expenses incurred by the members of the board and by its employees, under its orders, including attendance at meetings of educational associations and other organizations, rent and equipment of offices in the District of Columbia and elsewhere, purchase of books of reference, law books, and periodicals, stationery, typewriters and exchange thereof, miscellaneous supplies, postage on foreign mail, printing and binding to be done at the Government Printing Office, and all other necessary expenses.

A full report of all expenses under this section, including names of all employees and salaries paid them, traveling expenses and other expenses incurred by each and every employee and by members of the board, shall be submitted annually to Congress by the board.

No salaries shall be paid out of the fund provided in this section in excess of the following amounts: At the rate of \$5,000 per annum, to not more than one person; at the rate of \$4,000 per annum each, to not more than four persons; at the rate of \$3,500 per annum each, to not more than five persons; and no other employee shall receive compensation at a rate in excess of \$2,500 per annum: *Provided*, That no person receiving compensation at less than \$3,500 per annum shall receive in excess of the amount of compensation paid in the regular departments of the Government for like or similar services.

SEC. 7. That the Federal Board for Vocational Education is hereby authorized and empowered to receive such gifts and donations from either public or private sources as may be offered unconditionally. All moneys received as gifts or donations shall be paid into the Treasury of the United States and shall constitute a permanent fund, to be called the "Special fund for vocational rehabilitation of disabled persons," to be used under the direction of the said board to defray the expenses of providing and maintaining courses of vocational rehabilitation in special cases, including the payment of necessary expenses of persons undergoing training. A full report of all gifts and donations offered and accepted, together with the names of the donors and the respective amounts contributed by each, and all disbursements therefrom shall be submitted annually to Congress by said board: *Provided*, That no discrimination shall be made or permitted for or against any person or persons who are entitled to the benefits of this act because of membership or nonmembership in any industrial, fraternal, or private organizations of any kind under a penalty of \$200 for every violation thereof.



Mr. FESS. Mr. Speaker, I move to concur in the Senate amendment. I am going to state to the membership of the House the points of difference between the House bill and the Senate amendment. The Senate struck out all of the House bill after the enacting clause and inserted as an amendment the Senate bill. It is virtually the same as the House bill, with some minor changes, and I shall point out those changes. On page 10, lines 1 to 4, it will be noticed that the Senate amendment limits the appropriation so that no appropriation will take effect this year, but the first year it will take effect is in the fiscal year 1921-22. The amount of \$750,000 and then for two years afterward \$1,000,000 each year is appropriated. The House bill was indefinite, to the effect of a million dollars a year indefinitely, and the Senate amendment limits it to 1924, inclusive. That is the first change.

Mr. GARD. Mr. Speaker, will the gentleman yield?

Mr. FESS. I yield.

Mr. GARD. I note on line 15, page 10, the words "and annually thereafter, the sum of \$34,000." Is that intended to come within the four-year limitation of which the gentleman speaks?

Mr. FESS. That would be limited, I should say, to the four years, because the Federal Government would not be cooperating after 1924.

Mr. GARD. Is the appropriation of \$34,000 "annually thereafter" limited to the four years?

Mr. FESS. I understand that it is. That is to make up the minimum, so that no State will fall below \$5,000 a year.

Section 2, at the bottom of page 11, is new. It defines the term "persons disabled." It was thought better to have the limitation in rather than to leave it indefinitely.

The House bill simply authorized appropriations, while the Senate amendment makes the actual appropriation. That is another change. The House bill also limited the rehabilitation to persons who were unable to pay their own expenses. The Senate amendment strikes out that limitation upon the basis that puts it rather on the ground of charity. The Senate amendment puts no limitation upon the ability of the injured man to pay for it himself, and makes it general.

The Senate amendment, on page 13, also adds, in lines 6 and 7—

in regular session between the date of the passage of this act and December 31, 1920.

That is done to avoid the possibility of this bill not being operative in case a legislature was not in session at the time.

The SPEAKER pro tempore (Mr. MADDEN). The time of the gentleman from Ohio has expired.

Mr. FESS. Mr. Speaker, I ask unanimous consent to proceed for five minutes more.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. FESS. The Senate amendment also makes a radical change on page 15, section 6. It limits the amount to be used for studies to \$75,000 a year, and limits the time to a period of four years, while the House bill made that \$150,000 and the time was unlimited.

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. FESS. Yes.

Mr. BLACK. Members of the House frequently receive pamphlets from the Vocational Board of studies they have made. I have read some of those, and they are highly technical. I want to know if the board tries to use the highly technical books in instructing these men. If they do, I think it would be absolutely impossible for the ordinary man to get any intelligent grasp of the highly technical books they are issuing from time to time, giving the result of the studies they are making. What use is made of them?

Mr. FESS. I have not gone into that sufficiently to answer my friend from Texas. In the investigation that matter was criticized some. It was claimed that some of the bulletins were not entirely practical.

Mr. BLACK. If there is any faculty that I have at all, it is just plain common sense. I have read some of those pamphlets and I know that the average young man absolutely could not grasp them at all. They are too highly technical and they are worthless as a practical proposition.

Mr. FESS. I think the gentleman's objection is patent. That is something very likely to occur in many of the utterances of commissions. However, that is for the commission to correct. The last section on page 17 of the Senate amendment has also a provision that was not in the House bill.

The Senate amendment is similar to the House bill except in the details that I have here mentioned. I would prefer to have had the matter go to conference. I made the request to send

it to conference in order that the differences might be worked out. Objection was made to sending it to conference and the committee felt that the quickest way would be to bring it before the House at once and concur in the Senate amendment, and in that way make it a law. For that reason we have thought it best to agree to the Senate amendment rather than to prolong the discussion.

Mr. HUMPHREYS. Mr. Speaker, will the gentleman yield?

Mr. FESS. Yes.

Mr. HUMPHREYS. Does the gentleman mean on the proviso?

Mr. FESS. Yes; the latter proviso.

Mr. HUMPHREYS. What are they referring to there? What did they have in mind?

Mr. FESS. There has been a lot of contention in the investigation as to just whether there has been any discrimination at all because of fraternal relationships.

Mr. HUMPHREYS. What does the gentleman mean by fraternal relationship?

Mr. FESS. It might be that fraternal orders supply the funds for their own maintenance or their own reeducation, and in case that is true this bill is not going to discriminate against them.

Mr. HUMPHREYS. The gentleman means Masons, Odd Fellows, and that sort of organizations?

Mr. FESS. I understand that was put in so there will be no discrimination, however.

Mr. HUMPHREYS. Does that mean labor unions?

Mr. FESS. Yes; all such organizations. There is no discrimination because of any membership of anybody in any fraternal organization.

Mr. CANNON. If the gentleman will allow me, I have just hop skipped and jumped over this matter, and as I understand it from a very hasty hop-skipping of it a man worth a million dollars or any other sum can be relieved from any payment under this bill?

Mr. FESS. The gentleman's understanding is correct.

Now, Mr. Speaker, I wish to express the hope that the House will accept the Senate amendment, which will at once send the bill to the President for his signature, which will make it a law. It will, in my judgment, be regarded as one of the most humanitarian as well as the most economic and constructive pieces of legislation during the decade.

One of the most distinctive results of the war is the emphasis placed upon functional reeducation, or the rehabilitation of disabled men.

Europe's part in this work has been more voluntary than official. Canada had taken the most advanced step and served as an inspiration for this country. Up to date we have progressed along the lines of governmental rather than voluntary rehabilitation.

#### Status of cases April 15, 1920.

Registered.....	200,000
Approved, section 2.....	58,000
Not yet accepted.....	22,128
Entered.....	35,872
Discontinued.....	3,314
Completed.....	407
Now in training.....	32,151
Approved, section 3.....	36,000
Not yet accepted.....	34,024
In training.....	1,976
Closed.....	51,000
Pending determination as to eligibility.....	55,000

This work gave a new stimulus to those who have persistently advocated such legislation as compensation laws, which have become an established policy in at least half the States of the Union.

The next and legitimate step is rehabilitation of the cripple in industry. Compensation alone is likely to lead to human deterioration. Functional reeducation is designed to go beyond mere governmental support, which operates as does a pension, by placing in the hands of the unfortunate the instruments of self-help to insure a personal independence and avoid the state of charity.

Studies have been made on this subject both in Europe and America, the results of which justify legislation to carry forward the work to include industrial cripples. One of the most recent reports came from a survey made in Cleveland, Ohio. Of the 1,738 men between 15 and 60 years of age, 32 per cent were classed as not seriously handicapped, 48 per cent able to work at selected trades, and 20 per cent disabled for work with normal persons. Upon this report recommendation was made for an adequate system of vocational training to remove the handicap. This training was declared to be the basis of future ability in economic life.

Massachusetts, as usual in remedial legislation, has taken the lead in this work. Two laws have recently been enacted—one for the benefit of industrial cripples to aid them "in ob-

taining such education, training, and employment as will tend to restore their capacity to earn a livelihood." This division may "cooperate with the United States Government and in cooperation with the board of education may establish or maintain, or assist in establishing or maintaining, such courses as it may deem expedient, and otherwise may act in such manner as it may deem necessary to accomplish the purpose of this act."

New York, anticipating the enactment of this proposed Federal rehabilitation act, unanimously provided for the cooperation with the Government before the recent legislature adjourned.

Eight States have already taken the necessary steps in anticipation of this legislation.

I have urged the passage of this Federal proposal upon the basis of facts submitted from extended studies.

(1) Those who may be regarded as having made a satisfactory adjustment, whose situation was as good or better than before the injury, 57 per cent.

(2) Those who, although in a less favorable economic situation than before, have made a partial adjustment, 16 per cent.

(3) Those cases in which the outcome is not apparent, 9 per cent.

(4) Those who are unsuccessful in their attempts at adjustment, 18 per cent.

These facts eminently justify the position of those who advocate this Federal cooperation in the work of rehabilitation.

Mr. WALSH. Mr. Speaker, I offer an amendment to the Senate amendment.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WALSH: Amend the Senate amendment, page 12, line 3, by striking out "or may be expected to be."

Mr. WALSH. Mr. Speaker, this bill is one which was pretty thoroughly considered by the House. I think the Senate amendment ought to be amended, but I do not imagine it will be, because I think we are in the advanced stage of legislative disability or infirmity in this House, and this Congress will probably go out of session in a blaze of complete legislative paralysis.

Mr. MOORE of Virginia. Does the gentleman think we will ever recover?

Mr. WALSH. This language in the bill leads me to think that some of us in the future may very well ask to come under the provisions of this bill, because a person disabled is anybody "who by reason of a physical defect or infirmity, whether congenital, or acquired by accident, injury, or disease, is, or may be expected to be, totally or partially incapacitated for remunerative occupation." I would like to ask where you can draw the line under such a definition as that in the administration of this bill?

Mr. PLATT. Will the gentleman yield?

Mr. WALSH. I will.

Mr. PLATT. Does not the gentleman think the words "whether congenital or" ought to come out? This bill originally rehabilitates a person injured by accident, and the Senate has thrown it wide open.

Mr. WALSH. If the gentleman will recall when it was before the House we were swept off our feet by the argument that we had appropriated money for hog cholera, and therefore we must open wide the gates to the Treasury for legislation of this sort, and they saw how easily it went through the House at that stage, and the Senate without five minutes' consideration of this measure when it was over there slipped this bill through, not only opening wide the gates but they have taken down the gates, the fence, and the gate posts, so as to open up the whole business for a raid upon the Treasury for such a purpose as this. My firm belief is that the support of the House of Representatives of such paternalistic legislation as this gives more support and encouragement to the people throughout this country who have no respect for our institutions and form of government. [Applause.] We are going to embark upon this program, Mr. Speaker, and we will never be able, under ordinary means which we have used, to produce and raise revenue to keep up with this procession and keep the tax burdens off the people of this country. [Applause.] I submit we might well refuse here and now to act further upon this legislation and let it wait until we get back to thinking normally, until we get our feet back upon the earth. [Applause.] But where are we going to draw the line? You say that people who may be rehabilitated are those who are or who may expect to be disabled or partially incapacitated for remunerative occupation or employment. "The term 'rehabilitation' shall be construed to mean the rendering of a person disabled unfit to engage in a remunerative occupation." Now, Mr. Speaker, I think we might well adopt this amendment to the Senate amendment and put

at least some little restriction upon this definition that has been incorporated in this bill by the coordinate branch.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. WALSH. I will ask for three additional minutes.

Mr. MONTAGUE. Will not the gentleman take five minutes and allow me to ask him a question?

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

Mr. WALSH. I yield to the gentleman from Virginia.

Mr. MONTAGUE. May I ask the gentleman, for whose opinion I have great respect, wherein do we find in the instrument sometimes known as the American Constitution any authority for this legislation?

Mr. WALSH. Well, Mr. Speaker, I do not know of a line in the American Constitution [applause] that supports this policy upon which we are embarking, and this is simply enlarging and carrying forward this rehabilitation, I say, that has been put into practice by the Federal Board of Vocational Education, and it has carried it far beyond the borders which were originally intended when we established that branch of the Government, and it is entering upon a field with which the Federal Government, I submit, has nothing whatever to do, and there is no authority by law or in the Constitution for our undertaking to step within the boundaries of a State, either by cooperating or under the original law, and undertaking to mend and rehabilitate those who are crippled and maimed in industry.

Mr. MONTAGUE. Will the gentleman yield further?

Mr. WALSH. Certainly.

Mr. MONTAGUE. The bill to which the gentleman alluded is the vocational education act. Did not that relate to the soldiers mainly?

Mr. WALSH. It got its start in that way.

Mr. MONTAGUE. And this bill has no relation to injured soldiers?

Mr. WALSH. No, sir; none whatever.

Mr. MONTAGUE. But to any industry?

Mr. WALSH. The original Federal Board for Vocational Education operated under the law that was passed before the rehabilitation act became a law, and it applied solely to those crippled in the military or naval services.

Mr. MONTAGUE. But did not such injured or crippled people bear some relation to interstate commerce or to some other Federal power?

Mr. WALSH. The vocational education act did not apply solely to injured persons; it was to persons who desired to pursue education along vocational lines, and we formed that board, and this is the outcome of it.

Mr. MONTAGUE. Did not the vocational laws of necessity relate themselves in some way to interstate commerce or some other Federal power?

Mr. WALSH. Not as I read that act.

Mr. MONTAGUE. I thank the gentleman for permitting me to interrogate him, because he can perceive from my questions that my state of mind inclined me to vote against this bill on its former passage.

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. TOWNER. Mr. Speaker, regarding the merits of the motion to strike out, I think the gentleman from Massachusetts [Mr. WALSH] exaggerates, and I think tries to put a meaning into the words which is not warranted. In the first place, a man must be disabled. Then the language is used:

Is, or may be expected to be, totally or partially incapacitated.

There is no unreasonableness in the use of that language. A man might have incipient tuberculosis or be slightly injured, in which case it would be impossible to determine whether or not he would be partially or wholly incapacitated.

Mr. GRIFFIN. Will the gentleman yield for a question there?

Mr. TOWNER. Yes.

Mr. GRIFFIN. In that connection I want to ask the gentleman whether there are any agencies for the treatment of tuberculosis other than the Vocational Board?

Mr. TOWNER. Indeed, there are.

Mr. GRIFFIN. Are they not adequate?

Mr. TOWNER. Not for the purpose of industrially treating these people or industrially educating them. We have a provision for that.

Mr. BEE. Will the gentleman yield?

Mr. TOWNER. I beg the gentleman's pardon, but I shall have to decline to yield, because I want to make my statement. We have this condition to meet by this bill: On every hand throughout the United States of America are men and women in industry who are being crippled and incapacitated from carrying on their work. Very often a man may be injured in one vocation,



have a leg taken off, for instance, and be engaged in some active outdoor work, and yet, being industrially educated for some other vocation, he may be placed in a self-sustaining position by the industrial education which will make him capable of maintaining himself, and sometimes a family as well, by an occupation in something that does not require the use of a leg. And so on in hundreds of cases that might be illustrated.

This is only carrying out the purpose which is certainly justifiable, when the Nation is immediately affected by the health and the ability to sustain themselves and their citizens, to assist the States in the rehabilitation of those injured, and place these men on their feet again, so that they may be self-supporting American citizens.

Now, I will yield to the gentleman from Texas [Mr. BEE].

Mr. BEE. I want to ask the gentleman from Iowa if the result of this bill is going to lead in this way, that in a corporation suit for damages or injuries committed upon men working for them, they will plead against the suit the fact in mitigation of the damages that this man is to be rehabilitated by the act.

Mr. TOWNER. How can they do so?

Mr. BEE. Why not?

Mr. TOWNER. Because every man takes advantage of the law. You might argue that as a matter of fact before a jury, but I guess your argument would not go very far.

Mr. BEE. Why should a corporation be relieved of the absolute responsibility?

Mr. TOWNER. A corporation is not relieved in any sense; neither are the States relieved by the rehabilitation work. But the Government assists in this work. It tries to get these men into self-supporting positions. It tries to make them good American citizens as well as citizens of the State of Texas.

Mr. HUSTED. Will the gentleman yield?

Mr. TOWNER. I will yield to the gentleman from New York.

Mr. HUSTED. I notice in section 1 that it recites that the bill is for the purpose of providing for the rehabilitation of persons injured in industry, and it seems to be confined to them.

Mr. DEMPSEY. Or in any legitimate occupation.

Mr. HUSTED. Or in any legitimate occupation. Now, in section 2 it sets forth:

That for the purpose of this act—

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HUSTED. Mr. Speaker, I ask unanimous consent that the gentleman may have five additional minutes.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

Mr. HUSTED. In section 2 it provides that the term "persons disabled" shall be construed to mean any person who by reason of a physical defect or infirmity, whether congenital or acquired by accident, injury, or disease, is included within the beneficial provisions of the act. Now, is it the intention of the act to confine this rehabilitation education to persons disabled in industry or in some legitimate, useful occupation, or is it also to treat cases of congenital deformity, who are not in industry or engaged in any legitimate occupation?

Mr. TOWNER. I presume these men would probably be engaged in industry, but of course the definition here of the words "persons disabled" would control. The larger view of the case, if they came in contradiction with each other, would be the statement here that is made that if it was acquired, whether congenital or otherwise, by accident, injury, or disease, it would include them.

Mr. HUSTED. But by your interpretation it would cover any case of physical disability, whether congenital or otherwise?

Mr. TOWNER. I am inclined to think it would be limited to those who are engaged in industry, but if they had any congenital disease, or anything of the kind, which incapacitated them from their work, they would get the benefit of it.

Mr. HUSTED. But it would not be limited, as I understand your statement, to those engaged in industry.

Mr. TOWNER. To an accident actually occurring in industry, I think not. But if a person was engaged in industry and should become incapacitated by reason of incipient tuberculosis developing I think he would be entitled to the benefit.

Mr. HUSTED. And it would apply to all such cases, entirely irrespective of their financial ability to pay for rehabilitation?

Mr. TOWNER. Certainly.

Mr. HUSTED. Whether a man was rich or poor, or whatever his financial condition might be?

Mr. TOWNER. If he was working in industry, I do not think he would be very rich.

Mr. HUSTED. It says any legitimate occupation.

Mr. PLATT. It would apply to Members of Congress.

Mr. HUSTED. It would apply to a Member of Congress, or to a physician, or lawyer, or anybody.

Mr. TOWNER. I presume that might be considered as being a large interpretation.

Mr. Speaker, I want to use some time—

Mr. WHEELER. Will the gentleman yield?

Mr. TOWNER. I will yield to the gentleman from Illinois.

Mr. WHEELER. I would like to inquire if any of the States have appropriated for this?

Mr. TOWNER. Oh, yes; many of the States have done so, some in anticipation of this act.

Mr. FESS. I would like to state to my friend from New York that Illinois, without a dissenting vote in either house, has already provided for it.

The State of Massachusetts has appropriated \$10,000 for the work.

Mr. GARLAND. And Pennsylvania.

Mr. FESS. Eight of the States have done it.

Mr. WALSH. The gentleman knows that we have probably got more college professors in the State of Massachusetts than in any other State in the Union, and that fact is showing its effects in legislation of this kind.

Mr. FESS. Yes; and it is showing more and more leadership along this line in spite of the efforts of the gentleman from Massachusetts to obstruct it.

Mr. McDUFFIE. Would it apply to men injured in the ordinary pursuits of agriculture, following a plow or driving a team?

Mr. TOWNER. It would if he had a physical infirmity.

Mr. LAYTON. Mr. Speaker, will the gentleman yield?

Mr. TOWNER. Yes; I yield to the gentleman from Delaware.

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. TOWNER. I ask unanimous consent to proceed for one minute more.

The SPEAKER pro tempore. Is there objection to the gentleman's request?

There was no objection.

Mr. LAYTON. This is a proposition, as I understand it, that covers any form of incapacity, whether congenital or otherwise, in any pursuit or occupation throughout the country?

Mr. TOWNER. I am not absolutely certain of that.

Mr. LAYTON. That is about it?

Mr. FESS. I think that is true.

Mr. TOWNER. Now, Mr. Speaker, I want to speak for a moment about the extreme statement that was made by my friend from Massachusetts [Mr. WALSH] regarding all of this form of legislation. I regret exceedingly that the gentleman takes that kind of a position. I regret exceedingly that we are to see now manifested the same opposition to all forms of beneficial legislation by the General Government that has been exhibited so often on the floor of this House. There is not a particle of question, Mr. Speaker, but what with the advancing civilization of this and other civilized countries the Governments can and will continue to do many things for citizens which they have not done before. In fact throughout every year of our history in this country we have been doing that very thing, and will doubtless continue so to do. If government were so rigid that the only thing that could be done was the thing that had been done there could be no progress, no adjustment to new conditions as they arose. Governmental activities will doubtless increase to meet new conditions and new demands, and that is as it should be.

The SPEAKER pro tempore. The time of the gentleman from Iowa has again expired.

Mr. BANKHEAD. Mr. Speaker, it is not my purpose to enter into a general discussion of the provisions of this bill, but I do desire to take advantage of this privilege by recalling briefly the history of this legislation at this session of Congress. When we met in May of last year this bill was introduced both in the House and in the Senate. Last summer or last fall it passed the Senate of the United States. On October 17, 1919, it passed this House by a vote of 196 to 105 in substantially the same form that it is now presented to this House for final action. We had a very thorough and exhaustive debate pro and con on the merits and demerits of that bill at that time, extending over several days of our deliberations.

Now, the proposition is presented here for the Members of this House who are in favor of this bill to finally enact it into legislation. I think it would be extremely unfortunate if any delay should occur by virtue of the adoption of such an amendment as that proposed by the gentleman from Massachusetts [Mr. WALSH].

If we undertake to analyze the purpose of the language here that he objects to it will be very readily observed that the language was put in there for a purpose. It was not surplus language. It was not put in there for the purpose of throwing the field wide open to a person who was in an uninjured condition, who might possibly be expected to become injured or incapacitated; but if the Members will refer to the language they will see that it says "persons disabled" shall be construed to mean any person who, by reason of a physical defect or infirmity, whether congenital or acquired by accident, injury, or disease, is, "or may be expected to be, totally or partially incapacitated for remunerative occupation." Of course, that means to take the case of an individual who is suffering from some temporary injury or disease, the result of which will reasonably eventuate in his permanent disability—not to go into the field of speculation and throw the gate wide open for a person who might contract a disease or infirmity. That is the reason for the language which, on reflection, I hope, will readily appeal to the gentleman from Massachusetts.

Mr. WALSH. It will not.

Mr. BANKHEAD. The gentleman from Massachusetts, as we all know, is opposed to this kind of legislation, and of course it becomes the part of the gentleman from Massachusetts to throw every obstacle possible in the way of its passage, and if he can secure the passage of any immaterial amendment to this bill he will by that much accomplish the delay of the measure.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. WALSH. On whose expectation is this to be based—on the expectation of the man who thinks he is going to become incapacitated, or the expectation of some official?

Mr. BANKHEAD. In the bill?

Mr. WALSH. Yes.

Mr. BANKHEAD. Does the gentleman mean how is this fund to be administered under the bill?

Mr. WALSH. I am asking the gentleman as to the definition.

Mr. BANKHEAD. My answer is pertinent to the gentleman's question. This fund is to be administered under the provisions and regulations of the State board of education.

Mr. WALSH. If the gentleman states that, I do not think he could have read the bill. I do not think it contains any such provision as that.

Mr. BANKHEAD. If the gentleman will refer to section 1 of the bill, on page 10, he will find that it provides that it shall be expended in the States under the supervision and control of the State board, and they will establish rules and regulations for its administration.

Mr. WALSH. Has the gentleman read section 4?

Mr. BANKHEAD. Of course the Federal board reserves the right to lay down the general regulations as to what character of persons shall be eligible for this retraining, just as it does under the provisions of the Smith-Hughes vocational bill for the training of normal pupils in our public-school system. In that connection the gentleman from Virginia [Mr. MONTAGUE] asked the gentleman from Iowa [Mr. TOWNER] what warrant there was in the Constitution for the passage of legislation of this character. That question, I imagine, was not raised in connection with that bill, which was passed by a Democratic Congress—

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. BANKHEAD. I ask unanimous consent, Mr. Speaker, to proceed for five minutes more.

The SPEAKER pro tempore. Is there objection to the gentleman's request?

There was no objection.

Mr. BANKHEAD. There was a bill passed, as I say, by both the Democrats and Republicans when we were in control here, authorizing the expenditure of \$3,000,000 a year. It was to be divided among the States to be spent on the public-school systems of the different States for the vocational training of normal-school pupils in the public and high schools.

Mr. FESS. Seven million dollars.

Mr. BANKHEAD. Seven million dollars, as I am informed by the gentleman from Ohio. I do not imagine, even if there was not any constitutional warrant for the passage of a bill of that character, that an objection on constitutional grounds would be raised to a bill of this character, which certainly appeals more strongly to our sympathy and more strongly to our economic judgment than the education of absolutely normal people under the supervision of the board.

Mr. LAYTON. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. LAYTON. As a matter of fact, there are many progressive diseases which the physician knows are going from bad to worse.

Mr. BANKHEAD. Do not take too much of my time.

Mr. LAYTON. It is to provide for them, in anticipation of the worst, so that they can have rehabilitation to fit them for activity when that time comes.

Mr. BANKHEAD. Exactly. I think that is the purpose of the language.

Mr. BEE. I will be perfectly frank with the gentleman from Alabama, and will state that outside of other objections running to this measure I can not help thinking that the corporations which have men employed in industry will find it of great advantage to them in the trial of their cases before juries to plead in mitigation of damages the fact that these men will be rehabilitated.

Mr. BANKHEAD. My friend is a good lawyer, and I am rather surprised to hear that he would inject that character of argument as an objection in this debate, because the gentleman well knows that a plea of that sort, if it were offered to a complaint alleging damages for physical injury caused by the negligence of a corporation, would be absolutely subject to demurrer, and would not be a germane plea to interpose in any court in this country that I know of.

Mr. BEE. The gentleman from Iowa thinks it would be useful as an argument to suggest such a thing to the jury.

Mr. BANKHEAD. But not as a matter of pleading.

Mr. BEE. No; an argument in mitigation of damages to the unfortunate man whose legs have been cut off.

Mr. TOWNER. Just exactly the same objection that the gentleman from Texas urges to this bill was made, I presume, in every State in the Union with regard to the employers' liability act, and yet every State in the Union has an employers' liability act.

Mr. BEE. Yes; but the employers are the ones who are required to pay in that case, and here the Government of the United States is called on to pay it.

Mr. TOWNER. Oh, no.

Mr. BANKHEAD. No; the Government of the United States, under this bill, makes only an appropriation of \$1,000,000, after 1922, to be divided among the States; not that the burden is thereby imposed upon the Government to retrain these unfortunate people, because \$1,000,000 would not go any where along that line; but the purpose is only the stimulation of the leadership of the Federal Government to get this system inaugurated if the States of the Union see fit to take it up, and to make appropriations necessary for that purpose, to retrain and re-educate their own unfortunate citizens. That is the principle that runs through this bill.

Mr. HUSTED. Does the gentleman think persons should be included who are financially able to effect their own rehabilitation; and if he does think so, why was not that provision made in the House bill? As I understand it, the House bill did not include those persons.

Mr. BANKHEAD. I am not in a position to advise the gentleman as to the arguments affecting that situation, but I imagine that in the rules and regulations that will be provided for. In the first place, there would be no inducement to a rich person to take training of this character, and that regulation would be put into effect by the Federal and State boards, which would limit it within reasonable terms to those who actually needed training of this character.

Mr. LAYTON. They would not have that right, would they?

Mr. CARAWAY. I want to ask the gentleman from Alabama, How could it become an issue in the trial of a case in a State court, whether the Government rehabilitated the injured person or not?

Mr. BANKHEAD. It could not be.

Mr. CARAWAY. It could not be proved, and it could not be argued.

Mr. BANKHEAD. Absolutely not.

Mr. CARAWAY. There is no way to suggest it to the jury.

Mr. BANKHEAD. I agree with my friend from Arkansas on the legal argument involved.

All I have to say, in conclusion, is that I trust those who favor this legislation upon its merits will vote down the amendment proposed by the gentleman from Massachusetts [Mr. WALSH].

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FESS. Mr. Speaker, I ask unanimous consent that the debate on this amendment be closed in 10 minutes.

Mr. MOORE of Virginia. I think we ought to have a little more time to consider a matter as important as this.

Mr. FESS. Does the gentleman want it on this amendment? There are other amendments. I do not refer to the Senate amendment but to the amendment of the gentleman from Massachusetts [Mr. WALSH]. There will be other opportunities.



Mr. MOORE of Virginia. That is all right.

Mr. FESS. I ask unanimous consent that debate on this amendment be closed in 15 minutes.

The SPEAKER pro tempore. The gentleman from Ohio asks unanimous consent that all debate on the pending amendment offered by the gentleman from Massachusetts [Mr. WALSH] be closed in 15 minutes. Is there objection?

There was no objection.

Mr. GARD. Mr. Speaker, I think we may as well recognize, in view of the language inserted by the body at the opposite end of this building, that this bill in its present form provides the entering wedge for a vast machinery under the guise of taking care of cripples in industry, to provide a vast governmental machine to extend far beyond that. Just why in section 2, which is a new section, they left out the word "mental" after the word "physical" I do not know, because they might just as well have included that and made the United States a partner in the care of all those who unfortunately have become insane in the several States. They did not do that, but they put in everything else. Therefore, I rise to support the amendment offered by the gentleman from Massachusetts [Mr. WALSH], and I would support an amendment striking out section 2, for it seems to me in all good faith that under the language of section 2 as it now stands, without any limitations at all, we are simply having here an exhibition of the desire of the State and those who represent the State to be relieved from responsibility. I am not discussing State rights, but I do call attention to some State responsibilities and duties. Here is a case where a man is not injured in industry. I am decidedly in favor of workmen's compensation laws, and I believe that the industry in which a man is injured should pay for his injury and for his rehabilitation; but this bill in its extent will make the United States a partner with the States in every sort of rehabilitation, and it is only the entering wedge allowing this great Federal machinery to be builded up, and it will be said, "Well, after all, they are citizens of the United States, and the United States under its vast machinery can do it better. Let us relieve the States from any responsibility. Let us have it all in the Federal Government." Anyone who votes for this bill as it now is must realize that that is exactly what is meant here, the ever-increasing readiness of States to get away from their responsibilities, their ever-increasing readiness to accept, nay, to demand from the Federal Treasury appropriations to carry out functions which are properly and almost exclusively State functions. That is what this bill means.

However, I am opposed to everything in section 2, and especially am I in favor of the amendment of the gentleman from Massachusetts. I am opposed to section 2 in its entirety.

Mr. BANKHEAD. Will the gentleman yield?

Mr. GARD. Surely.

Mr. BANKHEAD. Did the gentleman vote for the Smith-Hughes vocational act in 1916?

Mr. GARD. I presume I did.

Mr. BANKHEAD. How does the gentleman differentiate this from that act?

Mr. GARD. It is different absolutely in principle. That was a form of education.

Mr. BANKHEAD. But the gentleman is arguing that the Government should not go into partnership with the States. That was a partnership with the State.

Mr. GARD. Yes; to a limited extent, and to that extent I am subject to the criticism of the gentleman if I did vote for it, and I presume I did. But this goes far beyond the system of the Government assisting the State in the education; this goes so far as to establish a system which unhindered will absolutely control or seek to take control of those injured not alone in industry but injured in any way, and therefore I oppose the bill as it stands.

Mr. GRIFFIN. Mr. Speaker, I make the point that no quorum is present.

The SPEAKER. The gentleman from New York makes the point of no quorum. The Chair will count. There evidently is no quorum present.

Mr. WALSH. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Doorkeeper was ordered to close the doors, and the Sergeant at Arms to notify the absentees.

The Clerk called the roll, and the following Members failed to answer to their names:

Andrews, Md.	Burke	Costello	Drane
Bacharach	Caldwell	Crago	Drewry
Baer	Candler	Cullen	Dunbar
Blackmon	Cantrill	Curry, Calif.	Echols
Booher	Carew	Dale	Edmonds
Bowers	Carter	Davey	Ellsworth
Brinson	Clark, Fla.	Dent	Elston
Brooks, Pa.	Cole	Donovan	Evans, Nev.
Brumbaugh	Copley	Dooling	Ferris

Garland	Keller
Godwin, N. C.	Kelley, Mich.
Goodykoontz	Kennedy, Iowa
Gould	Kennedy, R. I.
Greene, Vt.	Kettner
Hamill	Kiess
Harrison	Kitchin
Hastings	Kreider
Haugen	Lankford
Hayden	Larsen
Hernandez	McCulloch
Hersey	McPherson
Hill	Maher
Huddleston	Mays
Hullings	Merritt
Ireland	Morin
Johnston, N. Y.	Neely
Jones, Pa.	Nicholls

O'Connor	Smith, Ill.
Overstreet	Smith, N. Y.
Paige	Smithwick
Pou	Snyder
Reber	Steele
Reed, N. Y.	Stephens, Miss.
Reed, W. Va.	Stoll
Rhodes	Sullivan
Rhordan	Swope
Rowan	Thomas
Rucker	Tillman
Sanders, N. Y.	Upshaw
Sanford	Venable
Scully	Winslow
Sears	Wood, Ind.
Shreve	Yates
Small	Young, N. Dak.
Smith, Idaho	Zihlman

The SPEAKER. On this call 318 Members have answered to their names. A quorum is present.

Mr. FESS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

Mr. GRIFFIN. Mr. Speaker and gentlemen of the House, this measure that is before us is one of those insidious and attractive propositions which dazzle the eye by appearing in a pleasant guise. Ostensibly for a good and noble purpose, it carries within it a menace to our institutions and to our system of government. [Applause.]

We are likely to ignore the danger, because, forsooth, it comes before us apparently as a unanimous report of a committee. The opposition has no friends, no spokesmen except those that may on the spur of the moment get up here and attempt to point out the dangers. Vocational rehabilitation! Splendid proposition and a good thing. But because the thing is good, gentlemen, are we bound to pass every vicious bit of legislation that comes across the bar? Vocational rehabilitation is a good thing, but because a thing may be inherently good, is it the duty of the Federal Government to go into the various States and meddle with functions that belong to those States? That is the basis of my opposition to this proposed measure. I have no objection to vocational rehabilitation. It ought to be done. It is a proper governmental function, but it belongs to the States and not to the Federal Government.

We have no right to go any deeper into the Treasury of our Government on these paternalistic propositions. We have gone far enough. One million dollars a year for vocational rehabilitation! It seems small, but under the limitations of this act it provides that not a cent of that may be used for buildings or repairs. It is simply the opening wedge to justify appeals to Congress later on for buildings for vocational education, for plants, and incidental expenditures to carry it out. What are you doing? You are not doing anything novel. You are simply "carrying coals to Newcastle."

You are not doing anything that the States have not already done, or most of them. Whether I be heard or not, I want to sound the warning that by this measure you are going to uproot and damage all of the workmen's compensation acts in every State in the Union. It has always been held a fundamental principle that the industries involved should pay the damages to the person who is injured. That is the basis of the workmen's compensation acts. We hold industry responsible, and under the present laws, where they are in force, industries are expected to pay for rehabilitation. That is an element of damage which is usually and properly considered. The gentleman from Alabama [Mr. BANKHEAD] undertook to answer the suggestion of the gentleman from Texas [Mr. BEE] that the fact that the Federal Government was undertaking Federal rehabilitation might be urged and considered in the courts in mitigation of damages. The gentleman from Alabama thinks there is no danger, but I want to warn him that there is danger. For legal propositions commonly grow into our law out of every new condition. After you once get your Federal vocational rehabilitation system in operation it will not be long before the courts will take judicial notice of the fact that the Government is providing for vocational rehabilitation, and then what will happen to your workmen's compensation laws? The burden will be then shifted from the industry at fault to the Nation at large. Therefore I say that this legislation is simply an entering wedge destined to uproot and destroy the workmen's compensation acts of our various States.

It is an assault upon the principle that States should attend to their own concerns. The lame, the halt, the blind are all worthy of our consideration, but in the past communities have been in the habit of looking after them. There is no reason shown why they should not continue. It is not right to expect the great Federal Government to undertake or assume that duty and responsibility. [Applause.]

Mr. FESS. Mr. Speaker, I would like to have the attention of the gentleman from New York [Mr. GRIFIN], who claims that this is a State matter and ought not to be entered upon by the Federal Government, simply to remind him that the Smith-Hughes Act, of which this will be a part—while it is not an amendment it operates in a degree as an amendment to that act, to be administered by the same board—was passed through this House with scarcely any opposition at all, and that every State in the Union has taken advantage of it, and no State with greater enthusiasm than the State of New York. I want to also state to my friend that the Legislature of the State of New York this session anticipated this measure by passing a provision to put the State in a position to accept this cooperation, without a single dissenting voice, either in the senate or house—Democrat, Socialist, or Republican. There was not a single vote against it. The State of Massachusetts has already made provision for the acceptance of it, and six other States have done the same thing. If it is unconstitutional, that fact would have been discovered long ago, because we have been doing this sort of work. If it is wrong in that the Federal Government ought not to do it, then we have been wrong in the land-grant colleges and in the extension of stimuli on educational matters in the Smith-Lever Act and in the Smith-Hughes Act and also in this act.

And I want also to say to my friend from Massachusetts [Mr. WALSH], who has been opposed to this legislation—

Mr. GRIFIN. Mr. Speaker, will the gentleman allow me two minutes in which to reply to him?

Mr. FESS. Debate has been fixed. Mr. Speaker, I would not have any great opposition to the amendment that is proposed if it were not for the fact that I believe opposition to the bill at this time is for the purposes of delay. When this Senate amendment came over from the Senate I asked unanimous consent that the bill be sent to conference. That is a very common request; but a very unusual thing happened: It was denied, even though the conference was asked by the Senate. The author of the denial to that request offered this amendment, and, fine though he is, as much as I love him, I know that the purpose of the amendment is to delay and to defeat this legislation at this session. So far as I am concerned, we do not propose to have it defeated. I call for a vote on the amendment.

Mr. GRIFIN. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

Mr. WALSH. Mr. Speaker, all debate has expired.

The SPEAKER. By unanimous consent of the House debate was limited, and that time has now expired. The question is on agreeing to the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. WALSH) there were—ayes 33, noes 41.

So the amendment was rejected.

Mr. GOOD. Mr. Speaker, I offer to amend, on page 9, line 20, by inserting after the word "hereby" the words "authorized to be," and on page 10, line 10, after the word "hereby," insert the same words.

The SPEAKER. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. GOOD: Page 9, line 20, after the word "hereby," insert the words "authorized to be," and on page 10, line 10, after the word "hereby," insert the words "authorized to be."

Mr. GOOD. Mr. Speaker, the amendment which I have offered changes the bill from a direct appropriation for four years to an authorization for an appropriation for four years.

The amendment which I have offered will leave the language in that respect in the same form as it was when the bill passed the House. It authorizes the exact appropriation that was made in the bill that was passed by the Senate. In support of that amendment I want to offer a few observations.

Everyone knows that revenue measures and appropriation bills originate in the House of Representatives. With matters in relation to Foreign Affairs, the making of treaties and things of that kind, we have nothing to do. Their ratification is solely with the Senate. We pay no attention to that sort of thing. The Senate attends to that, and in turn leaves matters of appropriation in a large measure with the House. I want to show you what the Senate has been doing in the way of putting permanent appropriations on the statute books of the United States, and we have been agreeing to it. This year the total estimates submitted by the Secretary of the Treasury, as found in the Book of Estimates, amounted to \$4,865,000,000. How much of that do you think was permanent appropriation, the appropriation over which we exercise no control at all? If you will turn to the Book of Estimates, commencing on page 989, and

continue for 16 pages to page 1005, you will find the total of permanent appropriations over which this Congress exercises little or no control amounts to \$1,425,000,000. Those things have largely been put on by Senate amendments, and that is what we are doing here to-day. By a Senate amendment we are seeking to appropriate money, not for this year, not for next year alone. We are appropriating \$750,000 for next year, a million dollars for the next year, a million dollars for the next year, and a million dollars for the next year, when the House simply carried the authorization for an appropriation.

Why, take this very subject. If you will turn to page 993 of the Book of Estimates you will find what we have put on in permanent legislation for the Vocational Board, and no committee of Congress or Congress itself exercises any control over it. We had already on the statute books the following for the board: Cooperative vocational education in agriculture, a permanent appropriation of \$1,268,000; cooperative education in trades and industries, permanent appropriation of \$1,278,000; cooperative education of teachers, \$1,090,000; salaries and expenses of the Board for Vocational Education, \$200,000; and a committee of the Congress has been busy for at least a month or six weeks, if the dope that comes to my table is to be relied upon. Doing what? Investigating the Federal Board for Vocational Education, and now, when we ought to be holding tight on the purse strings in regard to appropriation for that organization, we say by this Senate amendment, "Turn them loose, give them a million dollars a year, and let them spend it at will." [Applause.]

Adopt the amendment which I have offered and then these gentlemen will have to come before the Congress, just like every department comes and ought to come to Congress, and when they make a showing under the law the Congress gives them every dollar that they can expend under the law. That is the duty of Congress. It has been the duty of appropriating committees to consider and report out appropriations when money is needed. It has been my duty at times to assist in reporting items on appropriation bills that I did not believe in at all, that I did not believe the money ought to be expended for, but when the Congress had spoken and said this work should be done I was willing to do the bidding of Congress.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. GOOD. I ask for two minutes more.

The SPEAKER pro tempore. The gentleman from Iowa asks unanimous consent to proceed for two minutes.

Mr. BLANTON. I ask that the gentleman be given five minutes more.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none. The Chair had already put the request for two minutes.

Mr. GOOD. When Congress has said to the Committee on Appropriations that so much money shall be expended and so much work shall be done, as far as that committee is concerned that settles it. We have sometimes cut deeply requests for appropriations because we believed that by wise administration a department could not expend more than the sum carried in the bill under the law, and then they have come back, just as the Federal board has come back, and they have had the money. They have had all the money they could expend, more than they should have expended, and I beseech you to put a stop to the plan of accepting Senate amendments that take from the House one of its great prerogatives, that of initiating appropriation bills. [Applause.] Let us stand here to put a curb on this extravagance and not appropriate in a legislative bill money for four years. If future Congresses want this work continued, any Committee on Appropriations would take the instructions of such Congress and would report out a bill to do the work. At the same time Congress can exercise a very wholesome influence and see to it that salaries are cut down to where they should be, and see to it that money is expended exactly as the law provides. Pass this bill as it is and you exercise no control. Let us investigate and pass upon all estimates. Of the \$1,425,000,000 carried for the next year as permanent appropriations there has been no investigation at all. A permanent appropriation precludes investigation by Congress, spells extravagance, and that is what the Senate wants and just what the House proposes to agree to.

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. BLANTON. I ask that the gentleman's time be extended for three minutes.

Mr. GOOD. Mr. Speaker, I have concluded. [Applause.]

Mr. GRIFIN. Mr. Speaker, replying to the remarks of the gentleman from Ohio, my very good friend, Mr. FESS, in which he pointed out the similarity in principle of this bill to the



Smith-Hughes bill and indicated that because we took a certain step then that we ought to follow it now, I would only say that "it is never too late to mend." It is certainly very charming and beautiful to hear him approve any measure which was passed during a period when the Democratic Party was in control of both Houses. I doubt whether he would laud that measure now except as an excuse for passing this particular measure before us. It would seem to me that if we committed an error in principle then, in all good conscience we ought to turn about now and undo it. As to what New York State has done I can only justify that by this statement of facts: It was natural for the Legislature of New York State to take cognizance of the final passage of this vocational rehabilitation bill by the Congress. Our legislature met in January. This bill was passed by the House prior to that time, and there was a clear intimation that Congress was about to open up the Treasury and allow all the States to line up and put in their hands. Of course, I would much rather have seen the Empire State stand back and put up its hands and say, "No; we will not touch it," but you can not blame any State legislature if it says, in effect, "Well, if the Federal Government is going to contribute 50 per cent for vocational rehabilitation, we will take our share of it." In my estimation, however, the Legislature of New York State, like a great many other legislatures, is unduly influenced by a lot of women who go up there under the color of working for some very worthy purpose and zealously advocate some new-fangled fad, some uplift proposition. They seem to be deeply solicitous about the halt, the lame, and the blind. They want the Government to open up the doors of the Treasury and spend money for the alleviation of human distress. All right. I do not oppose that, but I do insist it ought to be done under proper restraint and under proper limitation. While it may be all right for the State to do it, it does not necessarily follow that it is right for the Federal Government to do it. We ought not to extend our jurisdiction so as to meddle with the functions of the various communities. If we go this far, I think perhaps you will probably have in due course a bill presented here and urged by the unanimous report of a committee to establish Federal poorhouses. There ought to be some end to this legislation. There ought to be some limit put upon the efforts of men to get at the Federal Treasury and build up an elaborate organization with its employees, professors, and its committees to visit other States, preparation of reports, and printing, and all that. And then the idea of enlarging the scope of the Vocational Board, a board that is now under fire. Has it demonstrated that it has functioned so well, to such a very startling degree, that it is justifiable for us to-day to extend its functions and give it further authority? Mr. Speaker and gentlemen, I venture to suggest that this bureau has enough to do to attend to the vocational rehabilitation of the soldiers. Let it stick to that and not ask for further jurisdiction.

The SPEAKER. The time of the gentleman has expired.

Mr. MOORE of Virginia. Mr. Speaker—

The SPEAKER. The gentleman from Virginia is recognized.

Mr. MOORE of Virginia. I shall, of course, support the amendment offered by the chairman of the Committee on Appropriations. Frankly, however, I am against the bill. I think if there ever was a time in the history of the country when we ought to refrain from initiating new legislation calling for appropriations, the time has now arrived. [Applause.] There never was a more serious situation than that now confronting the country, and I respectfully submit that the bill ought to be laid aside; that it ought not to be forced to passage now.

We acted on this bill in the House on the 17th of October. I did not believe that there was any crying demand for it then, and so far as I know there has not been any evidence of a demand for it since. I can say as one Representative that I have not had any indication from my district or from the State of Virginia of any interest being manifested in this legislation. But, Mr. Speaker, even if there were such a demand, this is no time to respond to it.

Gentlemen argue that because the House approved the bill last October it should again approve it. But the conditions have materially changed since that date. Since then we have not been able to remit a single dollar of taxes, not one single cent. We talk about reduction of appropriations. The people are not particularly interested in reducing appropriations unless you reduce the taxes. To continue taxes, even though there is a reduction at the same time of appropriations, is equivalent, so far as the taxpayers are concerned, to providing the proverbial Spanish feast, a great display of table linen and silver, but with a very small supply of meat.

Since the House acted in October not only have we not been able to lighten the tax burdens, but outside of the field of tax-

tion the people have been and are about to be subjected to heavy additional burdens. It has developed since that date that the people are called on for at least \$1,000,000,000 more for the purchase of sugar this year than they spent last year. The Interstate Commerce Commission now is considering the transportation problem, with a certainty that the people in the near future are going to be subjected to increased freight rates which will amount to more than \$1,000,000,000 per annum. In that situation ought we to think of embarking upon new legislation that is going to call for large appropriations now and increased appropriations in the future? That is a policy which ought to be checked now and here. It may prove a fatal policy. [Applause.] We ought to turn our faces against it.

I am not speaking as a party man. I discard, in respect to this matter and many other matters, party considerations as unworthy to be thought of at this time.

The SPEAKER. The time of the gentleman has expired.

Mr. MOORE of Virginia. Mr. Speaker, I ask unanimous consent for two minutes more.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. MOORE of Virginia. Now, as we find ourselves in the midst of what amounts to a revolution—and some writer has said that the greatest revolutions are those unnoticed while in progress—as we stand in the midst of a revolution that involves political, social, economic, and even religious conditions, we should surely hesitate before adopting legislation of this or any similar character that will serve to make against reduction of taxation and economy in expenditures.

The people are clamoring for relief, and we will deny relief by passing bills of this character.

In the days gone by, in a time of agitation and controversy, one of the political battle cries was, "A union of the Whigs for the sake of the Union." We might well now take as our political battle cry, "A union of all patriotic and earnest Americans for the sake of the Republic." [Applause.]

Mr. FESS. Mr. Speaker, the gentleman from Virginia [Mr. Moore] has expressed in very forcible language the opposition to this bill which goes to the character of legislation. He has had the courage to come out and oppose the legislation because he does not believe in it.

Mr. MOORE of Virginia. If my friend will allow me to interrupt him, I would prefer he should state that I take this position, namely, that I defer any final opinion relative to the merits of the legislation, and that I do not believe we should legislate in this direction or in any similar direction while the present great emergency exists. [Applause.]

Mr. FESS. Well, Mr. Speaker, I meant to offer a compliment to the gentleman from Virginia, believing that he was opposing the legislation because he did not like the character of it.

Now I find that it is mere expediency in his opposition, that it is not the time to do it, but later on we might take up such legislation. I regret that I must put that application upon his utterance.

The gentleman from Iowa [Mr. Good] opposes the legislation upon the basis that it is a direct appropriation, but you will recall that the opposition from the gentleman from Iowa was even more vigorous when it was in the House before, when it was simply an authorization of the appropriation instead of a direct appropriation. The opposition of the gentleman from Iowa is to this sort of legislation now and placed upon the basis that it is a direct appropriation.

Gentlemen of the House, I believe in this character of legislation [applause], and I think that this is no time, when the war has brought to us the problem that we have been solving and when this rehabilitation work has swept the world and our country is in the advance guard of that sort of work, to oppose it. We promised when that legislation came on that in due time we would extend this remedial, rebuilding, functional rehabilitation to the cripple in industry, so that he might not be a charitable subject, begging on the streets, but that he might be a self-supporting individual who can produce instead of beg. And I want to say that the time is here now for us to leave it without ambiguity, whether we are in favor of this sort of legislation or not. The amendment that I ask this House to vote down is the amendment offered by the gentleman from Iowa [Mr. Good], which is not in antagonism to the appropriation, but in antagonism to the legislation.

Mr. GOOD. Mr. Speaker, will the gentleman yield?

Mr. FESS. And every friend of this measure ought to realize what the purpose back of the vote is.

Mr. GOOD. Mr. Speaker, will the gentleman yield?

Mr. FESS. I yield to my friend.

Mr. GOOD. The gentleman wants to be fair.

Mr. FESS. I am fair.

Mr. GOOD. The amendment I have offered will leave the bill just as the gentleman left it, just as the House left it when it passed before, and it does not change the bill in any other particular.

Mr. FESS. The gentleman will understand that if it had been sent to conference we would have been able to bring it back here as the gentleman wanted it, but we were denied the right to send it to conference, and this is the only way to prevent this delay, which is a part of the program in reference to this legislation.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. FESS. Yes.

Mr. WALSH. The gentleman spoke of a promise that we would take care of the crippled in industry.

Mr. FESS. Yes.

Mr. WALSH. By whom was that promise made?

Mr. FESS. That promise was made by the two committees of the Senate and House at the hearings on the bill.

Mr. WALSH. What authority had they to bind a future Congress?

Mr. FESS. Oh, the gentleman is tweedledee and tweedledum. They had no authority further than they can embody the authority in the vote of this House.

Mr. WALSH. Then that promise is the excuse and not the reason for this legislation?

Mr. FESS. Oh, no; excuse or reason may have a difference in the gentleman's mind, but I see no particular difference.

Mr. Speaker, I move the previous question on the Senate amendment and all amendments thereto.

Mr. WALSH. I make a preferential motion, Mr. Speaker. I move that this bill be laid upon the table.

The SPEAKER. The gentleman from Ohio moves the previous question, and the gentleman from Massachusetts makes the preferential motion that the bill lie upon the table. That motion comes first. The question is on agreeing to the motion of the gentleman from Massachusetts to lay the bill on the table.

The question was taken, and the Speaker announced that he was in doubt.

The SPEAKER. Those in favor of the motion will rise.

Mr. FESS. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. The gentleman from Ohio makes the point that there is no quorum present. [After counting.] One hundred and forty-seven Members are present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll. As many as are in favor of the motion of the gentleman from Massachusetts to lay the bill on the table will, when their names are called, answer "yea," those opposed will answer "nay."

The question was taken; and there were—yeas 106, nays 209, not voting 112, as follows:

## YEAS—106.

Ackerman	Evans, Nebr.	Lee, Ga.	Sherwood
Aswell	Fisher	Leshner	Sisson
Ayres	Flood	Luce	Snell
Bee	Freeman	McDuffie	Steagall
Bell	Fuller, Mass.	McFadden	Stedman
Benson	Gard	McLaughlin, Mich.	Stephens, Miss.
Blackmon	Garner	Mann, Ill.	Strong, Kans.
Bland, Va.	Garrett	Mann, S. C.	Taylor, Ark.
Blanton	Good	Mansfield	Thomas
Box	Graham, Pa.	Martin	Tilson
Brand	Greene, Mass.	Montague	Tincher
Buchanan	Griffin	Moon	Treadway
Byrnes, S. C.	Hardy, Tex.	Moore, Va.	Venable
Byrns, Tenn.	Hoch	Moore, Ind.	Vinson
Cannon	Hoey	Oliver	Walsh
Clark, Mo.	Holland	Olney	Watkins
Collier	Hudspeth	Overstreet	Watson
Connally	Hull, Tenn.	Park	Whaley
Cramton	Humphreys	Peters	White, Kans.
Crisp	Hutchinson	Quin	Wilson, La.
Davis, Tenn.	Jacoway	Rainey, H. T.	Winslow
Dempsey	Jefferis	Rayburn	Wise
Dominick	Johnson, S. Dak.	Robinson, N. C.	Woods, Va.
Doughton	Jones, Tex.	Rogers	Wright
Dunn	Kennedy, Iowa	Rouse	Young, Tex.
Eagle	Kinchelee	Rowe	
Edmonds	Lanham		

## NAYS—209.

Almon	Black	Campbell, Pa.	Dallinger
Anderson	Bland, Ind.	Caraway	Darrow
Andrews, Nebr.	Bland, Mo.	Carrs	Davis, Minn.
Ashbrook	Boles	Casey	Denison
Babka	Briggs	Chindblom	Dewalt
Bacharach	Brooks, Ill.	Christopherson	Dickinson, Mo.
Baer	Browne	Classon	Dickinson, Iowa
Bankhead	Brumbaugh	Cleary	Doremus
Barbour	Burdick	Coady	Dowell
Barkley	Burrroughs	Cooper	Dupré
Begg	Butler	Crowther	Dyer
Benham	Campbell, Kans.	Currie, Mich.	Eagan

Elliott	Kearns	Mondell	Siegel
Emerson	Keller	Mooney	Simms
Esch	Kelly, Pa.	Moore, Ohio	Stclair
Evans, Mont.	Kendall	Morgan	Stinnett
Fairfield	King	Mott	Slemp
Ferris	Kinkaid	Murphy	Smith, Idaho
Fess	Kloczka	Nelson, Mo.	Smith, Mich.
Focht	Knutson	Nelson, Wis.	Stephens, Ohio
Fordney	Kraus	Newton, Minn.	Stiness
Foster	Lampert	Newton, Mo.	Summers, Pa.
Frear	Layton	Nolan	Summers, Wash.
French	Lazaro	O'Connor	Sweet
Fuller, Ill.	Lea, Calif.	Ogden	Swope
Gallagher	Leibach	Oldfield	Tague
Gallivan	Linthicum	Osborne	Taylor, Colo.
Gandy	Little	Parrish	Taylor, Tenn.
Ganly	Loneragan	Pell	Temple
Glynn	Longworth	Phelan	Thompson
Goodwin, Ark.	Lufkin	Pou	Timberlake
Graham, Ill.	Luhning	Purnell	Tinkham
Green, Iowa	McAndrews	Radcliffe	Towner
Griest	McArthur	Rainey, Ala.	Vale
Hadley	McClintic	Rainey, J. W.	Vare
Hamilton	McGlennon	Ramsey	Vestal
Hardy, Colo.	McKeown	Ramseyer	Voigt
Hayley	McKiniry	Randall, Calif.	Volstead
Hersman	McKinley	Randall, Wis.	Walters
Hickey	McLane	Reavis	Ward
Hicks	McLaughlin, Nebr.	Ricketts	Wason
Hill	MacCrate	Riddick	Weaver
Houghton	MacGregor	Robison, Ky.	Webster
Howard	Magee	Rodenberg	Welling
Huddleston	Major	Romjue	Welty
Hull, Iowa	Mapes	Rose	Wheeler
Husted	Mason	Rubey	Williams
James	Mead	Sabath	Wilson, Ill.
Johnson, Ky.	Michener	Sanders, Ind.	Wilson, Pa.
Johnson, Miss.	Miller	Sanders, La.	Wingo
Johnson, Wash.	Milligan	Schall	
Juul	Minahan, N. J.	Scott	
	Monahan, Wis.	Sells	

## NOT VOTING—112.

Andrews, Md.	Echols	Kennedy, R. I.	Rhodes
Anthony	Ellsworth	Kettner	Riordan
Booher	Elston	Kiess	Rowan
Bowers	Evans, Nev.	Kitchin	Rucker
Brinson	Fields	Kreider	Sanders, N. Y.
Britten	Garland	Langley	Sanford
Brooks, Pa.	Godwin, N. C.	Lankford	Scully
Burke	Goodall	Larsen	Sears
Caldwell	Goodykoontz	McCulloch	Shreve
Candler	Gould	McKenzie	Small
Cantrill	Greene, Vt.	McPherson	Smith, Ill.
Carew	Hamill	Maher	Smith, N. Y.
Carter	Harrell	Mays	Smithwick
Clark, Fla.	Harrison	Merritt	Snyder
Cole	Hastings	Morin	Steele
Copley	Haugen	Mudd	Steenerson
Costello	Hayden	Neely	Stevenson
Crago	Hays	Nicholls	Stoll
Cullen	Heflin	O'Connell	Sullivan
Curry, Calif.	Hernandez	Padgett	Summers, Tex.
Dale	Hersey	Paige	Tillman
Davey	Hulings	Parker	Upshaw
Dent	Igoe	Platt	White, Me.
Donovan	Ireland	Porter	Wood, Ind.
Dooling	Johnston, N. Y.	Raker	Woodyard
Drane	Jones, Pa.	Reber	Yates
Drewry	Kahn	Reed, N. Y.	Young, N. Dak.
Dunbar	Kelley, Mich.	Reed, W. Va.	Zihlman

So the motion of Mr. WALSH to lay the bill on the table was rejected.

The Clerk announced the following additional pairs:

On this vote:

Mr. STEVENSON (for) with Mr. CURRY of California (against).

Until further notice:

Mr. SNYDER with Mr. CARTER.

Mr. COLE with Mr. HAYDEN.

Mr. ELSTON with Mr. DRANE.

Mr. RHODES with Mr. TILLMAN.

Mr. HERNANDEZ with Mr. HASTINGS.

Mr. ECHOLS with Mr. EVANS of Nevada.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. KAHN with Mr. DENT.

Mr. GREENE of Vermont with Mr. HEFLIN.

Mr. HARRELD with Mr. IGOE.

Mr. HAUGEN with Mr. O'CONNELL.

Mr. ZIHLMAN with Mr. CULLEN.

Mr. ANTHONY with Mr. FIELDS.

Mr. REED of West Virginia with Mr. DAVEY.

Mr. MUDD with Mr. SEARS.

Mr. HERSEY with Mr. DONOVAN.

Mr. YOUNG of North Dakota with Mr. KETTNER.

Mr. MORIN with Mr. CANDLER.

Mr. ANDREWS of Maryland with Mr. UPSHAW.

Mr. SHREVE with Mr. CANTRILL.

Mr. SANDERS of New York with Mr. DOOLING.

Mr. KIESS with Mr. STEELE.

Mr. PORTER with Mr. SUMNERS of Texas.

Mr. GOULD with Mr. STOLL.

Mr. WOODYARD with Mr. LARSEN.



Mr. GOODALL with Mr. ROWAN.  
 Mr. McPHERSON with Mr. GODWIN of North Carolina.  
 Mr. GARLAND with Mr. SCULLY.  
 Mr. BOWERS with Mr. MAYS.  
 Mr. WOOD of Indiana with Mr. RAKER.  
 Mr. MCKENZIE with Mr. DREWRY.  
 Mr. WHITE of Maine with Mr. SMITHWICK.  
 Mr. ELLSWORTH with Mr. SULLIVAN.  
 Mr. BROOKS of Pennsylvania with Mr. RUCKER.  
 Mr. REBER with Mr. BOOHER.  
 Mr. BURKE with Mr. NICHOLLS.  
 Mr. PAIGE with Mr. SMALL.  
 Mr. McCULLOCH with Mr. SMITH of New York.  
 Mr. DALE with Mr. BRINSON.  
 Mr. IRELAND with Mr. PADGETT.  
 Mr. PLATT with Mr. HAMILL.  
 Mr. KREIDER with Mr. CALDWELL.  
 Mr. JONES of Pennsylvania with Mr. MAHER.  
 Mr. MERRITT with Mr. RIORDAN.  
 Mr. KENNEDY of Rhode Island with Mr. CAREW.  
 Mr. KELLEY of Michigan with Mr. NEELY.  
 Mr. STEENPERSON with Mr. LANKFORD.  
 Mr. YATES with Mr. HARRISON.  
 Mr. HAYS with Mr. JOHNSTON of New York.  
 Mr. CRAIG with Mr. KITCHIN.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will unlock the doors. The question is on the motion of the gentleman from Ohio [Mr. FESS] for the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment of the gentleman from Iowa [Mr. Good].

Mr. JOHNSTON of Mississippi. May we have the amendment reported?

The SPEAKER. Without objection, it will be reported.

The Clerk read as follows:

Amendment by Mr. Good: Page 9, line 20, after the word "hereby," insert the words "authorized to be." Page 10, line 10, after the word "hereby," insert the words "authorized to be."

Mr. WALSH. Mr. Speaker, may we have the language read as it would be if amended?

The SPEAKER. The Clerk will report the language.

The Clerk read as follows:

So that as amended it will read:

"That in order to provide for the promotion of vocational rehabilitation of persons disabled in industry or in any legitimate occupation and their return to civil employment there is hereby authorized to be appropriated for the use of the States, subject to the provisions of this act."

Page 10, line 10: "And there is hereby authorized to be appropriated the following sums."

The SPEAKER. The question is on agreeing to the amendment.

The question being taken, on a division (demanded by Mr. WALSH) there were—ayes 98, noes 93.

Mr. FESS. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 144, nays 171, not voting 112, as follows:

## YEAS—144.

Ackerman	Dunn	Johnson, S. Dak.	Olney
Aswell	Eagan	Johnson, Wash.	Overstreet
Ayres	Eagle	Jones, Tex.	Park
Babka	Edmonds	Kennedy, Iowa	Parker
Bacharach	Evans, Nebr.	Kincheloe	Peters
Bee	Fisher	Kraus	Quin
Black	Flood	Lanham	Radcliffe
Blackmon	Freeman	Layton	Rainey, H. T.
Bland, Va.	French	Lea, Calif.	Rayburn
Blanton	Fuller, Mass.	Lee, Ga.	Robinson, N. C.
Boles	Gard	Leibach	Rogers
Box	Garner	Leshner	Rouse
Brand	Garrett	Luce	Rowe
Buchanan	Good	Lufkin	Sherwood
Byrnes, S. C.	Goodwin, Ark.	McArthur	Sisson
Byrns, Tenn.	Graham, Ill.	McClintic	Slemp
Cannon	Graham, Pa.	McDuffie	Snell
Cantrill	Green, Iowa	McFadden	Steagall
Chindblom	Greene, Mass.	McKinley	Stedman
Clark, Mo.	Griest	McLaughlin, Mich.	Steenerson
Collier	Griffin	Madden	Stevenson
Connally	Hardy, Tex.	Magee	Strong, Kans.
Cramton	Hicks	Mann, Ill.	Summers, Tex.
Crisp	Hoch	Mann, S. C.	Taylor, Ark.
Currie, Mich.	Hoey	Mansfield	Taylor, Colo.
Darrow	Holland	Martin	Thomas
Davis, Tenn.	Houghton	Mason	Tilson
Dempsey	Hudspeth	Montague	Tinchey
Dewalt	Humphreys	Moon	Treadway
Dickinson, Mo.	Husted	Moore, Va.	Vare
Dominick	Hutchinson	Moore, Ind.	Venable
Doremus	Jeffers	Oldfield	Vinson
Doughton	Johnson, Ky.	Oliver	Walsh

Ward  
 Wason  
 Watkins

Whaley  
 White, Kans.  
 Wilson, La.

Wingo  
 Winslow  
 Wise

Woods, Va.  
 Wright  
 Young, Tex.

## NAYS—171.

Almon	Fess	McAndrews	Riddick
Anderson	Focht	McGlennon	Robison, Ky.
Andrews, Nebr.	Fordney	McKeown	Romjue
Ashbrook	Foster	McKinley	Rose
Baer	Frear	McLane	Rubey
Bankhead	Fuller, Ill.	McLaughlin, Nebr.	Sabath
Barbour	Gallagher	MacCrate	Sanders, Ind.
Barkley	Gallivan	MacGregor	Sanders, La.
Begg	Gandy	Major	Schall
Bell	Ganly	Mapes	Scott
Benham	Garland	Mead	Sells
Bland, Ind.	Glynn	Michener	Siegel
Bland, Mo.	Goldfogle	Miller	Sims
Briggs	Hadley	Milligan	Sinclair
Brooks, Ill.	Hamilton	Minahan, N. J.	Sinnot
Browne	Hardy, Colo.	Monahan, Wis.	Smith, Idaho
Brumbaugh	Hawley	Mondell	Smith, Mich.
Burdick	Hays	Mooney	Stephens, Ohio
Burrroughs	Hersman	Moore, Ohio	Stiness
Campbell, Kans.	Hickey	Morgan	Strong, Pa.
Campbell, Pa.	Hill	Mott	Summers, Wash.
Caraway	Howard	Murphy	Sweet
Carss	Huddleston	Nelson, Mo.	Swope
Casey	Hull, Iowa	Nelson, Wis.	Tague
Christopherson	Jacoway	Newton, Minn.	Temple
Classon	James	Newton, Mo.	Thompson
Cleary	Johnson, Miss.	O'Connor	Timberlake
Coady	Juul	Ogden	Tinkham
Cooper	Kearns	Osborne	Towner
Crowther	Keller	Parrish	Valle
Dallinger	Kelly, Pa.	Pell	Vestal
Davis, Minn.	Kendall	Phelan	Voigt
Denison	King	Porter	Volstead
Dickinson, Iowa	Kinkaid	Purnell	Walters
Dowell	Klecza	Rainey, Ala.	Watson
Dupré	Knutson	Rainey, J. W.	Weaver
Dyer	Lampert	Raker	Webster
Elliott	Lazaro	Ramsey	Welty
Emerson	Lanthicum	Ramseyer	Wheeler
Esch	Little	Randall, Calif.	Williams
Evans, Mont.	Loungan	Randall, Wis.	Wilson, Ill.
Fairfield	Longworth	Reavis	Wilson, Pa.
Ferris	Luhning	Ricketts	

## NOT VOTING—112.

Andrews, Md.	Dunbar	Kennedy, R. I.	Riordan
Anthony	Echols	Kettner	Rodenberg
Benson	Ellsworth	Kiess	Rowan
Booher	Elston	Kitchin	Rucker
Bowers	Evans, Nev.	Kreider	Sanders, N. Y.
Brinson	Fields	Langley	Sanford
Britten	Godwin, N. C.	Lankford	Scully
Brooks, Pa.	Goodall	Larsen	Sears
Burke	Goodykoontz	McCulloch	Shreve
Butler	Gould	McKenzie	Small
Caldwell	Greene, Vt.	McPherson	Smith, Ill.
Candler	Hamill	Maier	Smith, N. Y.
Carew	Harrell	Mays	Smithwick
Carter	Harrison	Merritt	Snyder
Clark, Fla.	Hastings	Morin	Steele
Cole	Haugen	Mudd	Stephens, Miss.
Copley	Hayden	Neely	Stoll
Costello	Heflin	Nicholls	Sullivan
Crago	Hernandez	Nolan	Taylor, Tenn.
Cullen	Hersey	O'Connell	Tillman
Curry, Calif.	Hulings	Padgett	Upshaw
Dale	Hull, Tenn.	Paige	Welling
Davey	Igoe	Platt	White, Me.
Dent	Ireland	Pou	Wood, Ind.
Donovan	Johnston, N. Y.	Reber	Woodyard
Dooling	Jones, Pa.	Reed, N. Y.	Yates
Drane	Kahn	Reed, W. Va.	Young, N. Dak.
Drewry	Kelley, Mich.	Rhodes	Zihlman

So the amendment was rejected.

The following additional pairs were announced:

Until further notice:

Mr. BUTLER with Mr. Pou.

Mr. WOOD of Indiana with Mr. BENSON.

Mr. RODENBERG with Mr. WELLING.

Mr. SANFORD with Mr. HULL of Tennessee.

Mr. CURRY of California with Mr. STEPHENS of Mississippi.

Mr. REED of New York with Mr. SCULLY.

Mr. TAYLOR of Tennessee with Mr. LANKFORD.

Mr. COPLE with Mr. JOHNSTON of New York.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on agreeing to the Senate amendment.

The question was taken; and on a division (demanded by Mr. WALSH) there were—ayes 102, noes 76.

So the amendment was agreed to.

## MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

A message in writing from the President of the United States was communicated to the House of Representatives by Mr. Sharkey, one of his secretaries, who also informed the House of Representatives that the President had approved and signed joint resolution of the following title:

On May 25, 1920:

H. J. Res. 354. Joint resolution authorizing the Secretary of War to loan to Paul E. Slocumb Post, No. 85, Grand Army of the Republic, Bloomington, Ind., necessary tents and cots for use at the State encampment to be held at said city May 25, 26, and 27, 1920.

#### DIPLOMATIC AND CONSULAR APPROPRIATION BILL.

Mr. PORTER. Mr. Speaker, I present a conference report on the Diplomatic and Consular appropriation bill for printing under the rule.

The SPEAKER. The Clerk will report the title.

The Clerk read as follows:

H. R. 11960, making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921.

The conference report and statement are as follows:

#### CONFERENCE REPORT.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11960) making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 10, and 13.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 7, 8, 9, 11, 12, and 14, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by the Senate amendment insert "\$480,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed by the Senate amendment insert "\$900,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"For the purchase of an embassy building and grounds at Santiago, Chile, and for making necessary minor repairs and alterations in the building to put it into proper condition, \$130,000."

And the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"The unexpended balance of the appropriation for the fiscal year ending June 30, 1920, is hereby made available for the fiscal year ending June 30, 1921, and for the objects and purposes designated by said act of appropriation."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

#### "FEES FOR PASSPORTS AND VISÉS.

"SECTION 1. From and after the 1st day of July, 1920, there shall be collected and paid into the Treasury of the United States quarterly a fee of \$1 for executing each application for a passport and \$9 for each passport issued to a citizen or person owing allegiance to or entitled to the protection of the United States: *Provided*, That nothing herein contained shall be construed to limit the right of the Secretary of State by regulation to authorize the retention by State officials of the fee of \$1 for executing an application for a passport: *And provided further*, That no fee shall be collected for passports issued to officers or employees of the United States proceeding abroad in the discharge of their official duties, or to members of their immediate families, or to seamen, or to widows, children, parents, brothers, and sisters of American soldiers, sailors, or marines, buried abroad whose journey is undertaken for the purpose and with the intent of visiting the graves of such soldiers, sailors, or marines, which facts shall be made a part of the application for the passport.

"SEC. 2. From and after the 1st day of July, 1920, there shall be collected and paid into the Treasury of the United States quarterly a fee of \$1 for executing each application of an alien for a visé and \$9 for each visé of the passport of an alien: *Provided*, That no fee shall be collected from any officer of any foreign Government or members of his immediate family, its

armed forces, or of any State, district, or municipality thereof, traveling to or through the United States, or of any soldiers coming within the terms of the public resolution approved October 19, 1918 (40 Stat. L., pt. 1, p. 1014).

"SEC. 3. The validity of a passport or visé shall be limited to two years, unless the Secretary of State shall by regulation limit the validity of such passport or visé to a shorter period.

"SEC. 4. Whenever the appropriate officer within the United States of any foreign country refuses to visé a passport issued by the United States, the Department of State is hereby authorized upon request in writing and the return of the unused passport within six months from the date of issue to refund to the person to whom the passport was issued the fees which have been paid to Federal officials, and the money for that purpose is hereby appropriated and directed to be paid upon the order of the Secretary of State.

"SEC. 5. Section 1 of the act approved March 2, 1907, entitled "An act in reference to the expatriation of citizens and their protection abroad" (34 Stat. L., pt. 1, p. 1228), authorizing the Secretary of State to issue passports to certain persons not citizens of the United States is hereby repealed."

And the Senate agree to the same.

STEPHEN G. PORTER,  
JOHN JACOB ROGERS,  
H. D. FLOOD,

*Managers on the part of the House.*

H. C. LODGE,  
WM. E. BORAH,  
ATLEE POMERENE,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreement of the House to the amendments of the Senate on H. R. 11960, entitled "An act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921," submit the following written statement in explanation of the effect of the action agreed upon by the conference as to each of the said amendments:

The Senate recedes from its amendments Nos. 4, 10, and 13.

Amendment No. 4, appropriating funds for emergencies arising in the Diplomatic and Consular Service, increases the appropriation from \$400,000 to \$500,000.

Amendment No. 10, providing for the expenses of the International High Commission, struck out the word "State" and inserted the words "the Treasury."

Amendment No. 13, under post allowances to consular and diplomatic officers, added a proviso limiting the expenditure of the appropriation.

Senate amendments Nos. 5, 6, 7, 8, 9, 11, 12, and 14 were agreed to by the managers on the part of the House.

Amendment No. 5 inserts a new paragraph appropriating \$4,500 for the relief of Mrs. Winifred T. Magelssen.

Amendment No. 6 adds a new paragraph making the unexpended balance of the appropriation for the fiscal year ending June 30, 1920, available for the fiscal year ending June 30, 1921, for the objects and purposes designated by said act of appropriation.

Amendment No. 7 inserts a new paragraph appropriating \$9,000 for expenses in connection with the Pan-Pacific Union.

Amendments Nos. 8 and 9 changes the word "International" to "Inter-American."

Amendment No. 11 changes the appropriation for the International Joint Commission on Waterways Treaty, United States and Great Britain, from \$25,000 to \$40,000.

Amendment No. 12 struck out the last proviso limiting the expenditure of the appropriation.

Amendment No. 14 changes the appropriation for contingent expenses for the United States consulates from \$900,000 to \$1,000,000.

Amendment No. 1 fixes the amount for clerks at embassies and legations at \$480,000 instead of \$688,000 as proposed by the Senate amendment.

Amendment No. 2 increases the appropriation for contingent expenses, foreign missions, to \$900,000 instead of \$1,000,000, as proposed by the Senate amendment.

Amendment No. 3 providing for the purchase of embassy building and grounds at Santiago, Chile, changes the language but leaves the appropriation of \$130,000 the same.

Amendment No. 15 increases the fees for passports and visés to \$10 and limits their validity to two years.

STEPHEN G. PORTER,  
JOHN JACOB ROGERS,  
H. D. FLOOD,

*Managers on the part of the House.*



## SIMPLIFICATION OF THE REVENUE ACT OF 1918.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14198, to amend and simplify the revenue act of 1918, and pending that motion I would like to see if we can not come to some agreement as to the time for general debate.

Mr. MANN of Illinois. Mr. Speaker, I ask for the regular order, and I make the point of order that the gentleman's motion is not in order.

The SPEAKER. The gentleman will state his point of order. Mr. MANN of Illinois. I think it is not a bill to raise revenue. I will ask the gentleman from Iowa in what way does it raise revenue?

Mr. GREEN of Iowa. It establishes certain rules—

Mr. MANN of Illinois. Establishing rules is not a bill for raising revenue. It has been repeatedly held that a bill from the Committee on Ways and Means in reference to procedure, or anything of that sort, fixing regulations for the collection of revenue, is not a bill raising revenue and is not privileged under the rule.

Mr. GREEN of Iowa. This bill would increase the revenue; no question about that.

Mr. MANN of Illinois. A bill increasing revenue by establishing economies would not have the privilege of a bill raising revenue. Will the gentleman say how the bill will raise revenue?

Mr. GREEN of Iowa. Section 3, page 2, will make property conveyed by gift subject to a tax if the party to whom the gift is made sells it and realizes a profit on it. At present no tax will apply to it. That is one way the bill would raise revenue.

Mr. MANN of Illinois. Mr. Speaker, the rulings have been numerous that a bill dealing with the administration of the revenue law is not a bill raising revenue.

Mr. GREEN of Iowa. This is not simply a matter of administration in that respect. It would enable more taxes to be collected where the tax does not now apply in the revenue law of 1918. I have referred to one way in which it would raise revenue in subdivision 3, page 2, which makes property conveyed by gift subject to a tax if sold and a profit is reaped over the cost to the original donee. This matter is highly technical, and if the gentleman's contention is correct, you would have to make over the whole revenue law.

Mr. MANN of Illinois. Mr. Speaker, I will withdraw the point of order.

Mr. GREEN of Iowa. How much time do gentlemen on that side want?

Mr. HENRY T. RAINEY. I have some demands for time, and we would like to have an hour and a quarter on this side.

Mr. GREEN of Iowa. We could not possibly get through with the bill to-day with that time. The utmost I should want to agree to would be half an hour on a side, and I will try and get along with considerably less on this side.

Mr. HENRY T. RAINEY. Does the gentleman intend to finish the bill to-day?

Mr. GREEN of Iowa. It is highly important that this bill should be passed soon, and I hope gentlemen on the other side will defer their speeches until later. Mr. Speaker, I will ask unanimous consent that general debate be limited to one hour, one half to be controlled by the gentleman from Illinois [Mr. HENRY T. RAINEY] and the other half by myself.

Mr. LONGWORTH. May I call attention to the fact that tomorrow is Calendar Wednesday?

Mr. GREEN of Iowa. And I will make the same request for general debate on the next bill.

Mr. HENRY T. RAINEY. The next bill may not be privileged.

Mr. GREEN of Iowa. Mr. Speaker, I will modify my request, that there be one hour of general debate, the gentleman from Illinois [Mr. HENRY T. RAINEY] to have three-quarters of an hour and I be allowed 15 minutes.

Mr. HENRY T. RAINEY. All right.

The SPEAKER. The gentleman from Iowa asks unanimous consent, pending his motion, that general debate be limited to one hour, three-quarters to be controlled by the gentleman from Illinois [Mr. HENRY T. RAINEY] and one-quarter of an hour by himself. Is there objection?

There was no objection.

The SPEAKER. The question now is on the motion of the gentleman from Iowa to go into Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. REAVIS in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill of which the Clerk will read the title.

The Clerk read as follows:

A bill (H. R. 14198) to amend and simplify the revenue act of 1918.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. CANNON. I think it had better be read.

Mr. GREEN of Iowa. It will all be read for amendment, and I will explain sections as we go along.

Mr. CANNON. I never heard of the bill before, and I do not believe there are 10 men in the House outside of the committee that know anything about it.

Mr. BLANTON. Mr. Chairman, I object. I think we ought to find out what it is.

The Clerk read the bill, as follows:

Be it enacted, etc.,

## BASIS FOR DETERMINING GAIN OR LOSS.

That subdivision (a) of section 202 of the revenue act of 1918 is amended to read as follows:

"(a) That for the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of property, real, personal, or mixed, the basis shall be—

"(1) In the case of property acquired before March 1, 1913, the fair market price or value of such property, as of that date;

"(2) In the case of property acquired (except by gift, bequest, devise, or descent) on or after that date, the cost thereof; or the inventory value, if the inventory is made in accordance with section 203;

"(3) In the case of property acquired by gift since February 28, 1913, the same basis that it would have in the hands of the donor or the last preceding owner, by whom it was not acquired by gift;

"(4) In the case of the sale or exchange of property acquired by gift, the entire amount received therefor shall be included in the gross income of the donee, unless the donee submits with his return evidence satisfactory to the commissioner showing the basis to the last preceding owner who acquired the property other than by gift; and

"(5) In the case of property acquired by bequest, devise, or descent, the fair market price or value of such property on the date of acquisition."

SEC. 2. That section 202 of such act is amended by adding at the end thereof a new subdivision to read as follows:

"(c) In the case of stock dividends paid after February 28, 1913, the cost to the taxpayer of each share of old and new stock shall be the cost of the old shares of stock (or the market price or value thereof as of Mar. 1, 1913, if acquired prior thereto) divided by the total number of old and new shares of stock: *Provided*, That in cases in which the old and new shares of stock differ materially in character or preference, the cost of the old shares of stock (or the market price or value thereof as of Mar. 1, 1913, if acquired prior thereto) shall be apportioned between the old and new shares of stock as may be in proportion to the respective values of each at the time the new shares of stock were acquired."

SEC. 3. That Title II of such act is amended by adding at the end of part I thereof the following new section:

## EXTRAORDINARY NET INCOME.

"SEC. 207. (a) That compensation received in any taxable year beginning after December 31, 1919, for personal service rendered by the taxpayer during a period of more than three years, and gain derived in any such year from the sale of capital assets acquired more than three years prior to the date of such sale, shall be deemed to be extraordinary income; and such income, less losses of the same class or description and the expenses or other deductions properly chargeable thereto, shall be deemed to be extraordinary net income.

"(b) The term 'capital assets' as used in this section includes (but is not limited to) property held by the taxpayer for consumption or use; but does not include any property, whether real, personal, or mixed, held by a dealer for sale or included in the inventory of the taxpayer taken at the close of the preceding taxable year. The terms 'compensation received' and 'gain derived' mean compensation or gain accrued in the case of taxpayers who make returns upon the so-called accrual basis; but the provisions of this section shall not apply in the case of sales upon the installment plan when the income or gain is accounted for in installments as the payments are received.

"(c) If the extraordinary income of a taxpayer amounts to more than 20 per cent of his entire gross income for the taxable year, the extraordinary net income for such year may at his option be apportioned ratably to the years or parts thereof during which such service was rendered or such assets held (or to the years or parts thereof between February 28, 1913, and the date of sale, if such assets were acquired prior to March 1, 1913); and the amount thus ratably apportioned to any year shall be added to the other income of the taxpayer for such year and the tax redetermined upon the corrected amount at the rates applicable to such year, notwithstanding the provisions of section 206 or any other provision of this act. A return or returns of such extraordinary income shall be made at the time prescribed in subdivision (a) of section 227 in such manner and with such information as the commissioner, with the approval of the Secretary, may by regulations prescribe; and if the additional taxes found upon such redetermination to be due for prior years are paid in the same proportionate amounts and at the same installment dates fixed for the payment of taxes due upon income for the year in which such extraordinary income was received, no penalty or interest shall be added with respect to the time which has elapsed between such prior years and the date or dates of payment."

## ASSESSMENT AND COLLECTION OF TAXES.

SEC. 4. That subdivision (d) of section 250 of such act is amended to read as follows:

"(d) The amount of tax due under any return made under this or prior acts shall be determined and assessed by the commissioner within five years after the return was made, except (1) in the case of false or fraudulent returns with intent to evade the tax, or (2) with the consent of both the commissioner and the taxpayer, or (3) as otherwise provided in section 207, or in paragraph (9) of subdivision (a) of section 214, or in paragraph (8) of section 234, or (4) in the final settlement of losses and other deductions tentatively allowed by the

commissioner pending a determination of the exact amount deductible; and no suit or proceeding for the collection of any tax shall be begun after the expiration of five years after the date when the return was made. In the case of such false or fraudulent returns, the amount of the tax due may be determined at any time after the return is filed, and the tax may be collected at any time after it becomes due."

SEC. 5. That Title XIII of such act is amended by adding at the end thereof two new sections to read as follows:

"SEC. 1321. That if after a determination and assessment in any case the taxpayer has without protest paid in whole any tax or penalty, or accepted any abatement, credit, or refund based on such determination and assessment, and an agreement is made in writing between the taxpayer and the commissioner, with the approval of the Secretary, that such determination and assessment shall be final and conclusive, then (except upon a showing of fraud or malfeasance or misrepresentation of fact materially affecting the determination or assessment thus made) (1) the case shall not be reopened or the determination and assessment modified by any officer, employee, or agent of the United States, and (2) no suit, action, or proceeding to annul, modify, or set aside such determination or assessment shall be entertained by any court of the United States.

"SEC. 1322. That in case a regulation or Treasury decision made by the commissioner or the Secretary, or by the commissioner with the approval of the Secretary, is reversed by a subsequent regulation or Treasury decision, and such reversal is not immediately occasioned or required by an opinion of the Attorney General or a decision of a court of competent jurisdiction, such subsequent regulation or Treasury decision may, in the discretion of the commissioner, with the approval of the Secretary, be applied without retroactive effect."

#### LIBERTY BOND EXEMPTIONS.

SEC. 6. The various acts authorizing the issues of Liberty bonds are amended and supplemented as follows:

"(a) On and after January 1, 1920, 4 per cent and 4½ per cent Liberty bonds shall be exempt from graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, corporations, or associations, in respect to the interest on aggregate principal amounts thereof as follows:

"Until the expiration of two years after the date of the termination of the war between the United States and the German Government as fixed by proclamation of the President, on \$125,000 aggregate principal amount; and for three years more on \$50,000 aggregate principal amount.

"(b) The exemptions provided in subdivision (a) shall be in addition to the exemptions provided in section 7 of the second Liberty bond act, and in addition to the exemption provided in subdivision (3) of section 1 of the supplement to the second Liberty bond act in respect to bonds issued upon conversion of 3½ per cent bonds, but shall be in lieu of the exemptions provided and free from the conditions and limitations imposed in subdivisions (1) and (2) of section 1 of the supplement to second Liberty bond act and in section 2 of the Victory Liberty loan act."

Mr. GREEN of Iowa. Mr. Chairman, I have so little time that I shall ask the gentleman from Illinois [Mr. HENRY T. RAINEY] to use his time before I consume mine.

Mr. HENRY T. RAINEY. Mr. Chairman, I yield to the gentleman from Ohio [Mr. SHERWOOD].

Mr. SHERWOOD. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD upon the subject of Civil War pensions.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HENRY T. RAINEY. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. CRISP]. [Applause.]

Mr. CRISP. Mr. Chairman, the annual supply bills have all passed the House, and we are now considering insignificant, immaterial measures, for a decree has gone forth from the Republican leaders that nothing else shall be done at this session. According to the press and cloakroom gossip, we are to adjourn early in June. I am making these remarks to call the attention of those charged with responsibility for legislation to a bill I introduced on October 24, 1919—H. R. 10155—entitled—

A bill to deport from the United States certain aliens who withdrew their declaration of intention to become citizens to evade military service, and to suspend all immigration to the United States until January 1, 1930.

I am profoundly convinced that the welfare and best interests of the United States demand that this or some other bill of the same tenor and effect be enacted into law before we adjourn. In my judgment, the immigration question is one of the most important problems that confront us to-day, and upon its correct solution largely depends the perpetuity of our sacred institutions and our American form of government. In our early history some of the older States opposed admitting our western Territories into the sisterhood of States, fearing these new States would exercise undue influence in shaping national affairs. Mr. Chairman, how can those States rest complacent to-day and see aliens admitted to our shores by the millions? Each year the immigrants admitted into the United States are more than the combined population of three of four of our western Commonwealths. To-day a majority of the population of some of our largest States are of alien origin. New York, Illinois, Massachusetts, Wisconsin, New Jersey, Rhode Island, Connecticut, Minnesota, Michigan, Montana, Utah, and the Dakotas are largely populated by people of foreign birth, more than 50 per cent of the inhabitants being immigrants. The same is true of a number of our large cities. The

last official statistics on population is from the census of 1910. According to it New York had a population of 4,766,888, only 19.3 per cent being native-born whites; Chicago had 2,185,284, only 20 per cent of them native born; Pittsburgh had 533,905, with 33 per cent natives; Milwaukee had 373,867, with 21.1 per cent natives; Boston had 670,585, with 23 per cent natives; and Fall River had 119,295, with only 13.3 per cent natives. While these cities have greatly increased in population during the last 10 years, I am confident the percentage of native and alien population is approximately the same.

From 1904 to 1914 nearly 10,000,000 immigrants came to the United States, averaging approximately 1,000,000 a year. Immigration from 1914 until now has been limited, because during the war passenger service on the seas was entirely suspended, and is now more or less limited, but it is rapidly becoming normal. Before the war many manufacturers, grown rich by special privileges granted them under protective-tariff laws, while advocating a high protective tariff on the merchandise they manufactured for sale, urged free trade in labor, and were large employers of immigrant cheap labor. In the years gone by these manufacturers and certain steamship companies had agents abroad to work up immigrants to the United States, both being inspired by selfish motives. The manufacturer desired cheap labor, so as to increase his own profits; the steamship companies desired to make money by collecting passage fare from the immigrants.

History usually repeats itself, so we have every reason to fear these two powerful agencies will act in the future just as they have in the past, doing all in their power to induce immigration from Europe. Conditions to-day in the Old World are uncertain and unsatisfactory. Families have been separated and scattered, homes, business houses, and farms destroyed, taxes are very burdensome and high, governments uncertain, lawlessness and anarchy prevalent everywhere. The people are not anchored by the ties that formerly held them, so little urging will be necessary to induce them to come to America. In last Sunday's New York Times, May 23, 1920, appeared an article under large headlines:

Immigration rush overtakes force. Nearly 9,000 aliens landed on Ellis Island in week.

In the article the superintendent of the immigration station, Mr. P. A. Baker, is quoted as follows:

Immigrants are coming to this country as fast as the limited transportation facilities can bring them. There is every evidence that even with postwar passport restrictions, there would be the greatest rush of people to this country ever known in the history of immigration if there were only ships to bring them.

This is only one of the many immigration ports in the United States. No doubt similar conditions obtain at all our other ports. I think we already have sufficient aliens within our borders, and that it is time for the Government to suspend all further immigration.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. CRISP. I yield.

Mr. JOHNSON of Washington. In connection with the gentleman's interesting and timely speech, let me call attention to the fact that the United States has been able to deport during the past 10 years ended April 30, 1910, only 27,350 aliens for all causes. In 10 years 8,800 have gone back as likely to become public charges, 1,100 as diseased, 4,200 as insane, 4,200 as immoral, 1,200 as criminals, and only about 300 as anarchist and dangerous, and 241 of these went on the *Buford* last December.

Mr. CRISP. I thank the chairman of the Immigration Committee. I assume that his figures are the latest obtainable.

In many parts of our country, if you will look around you, reading business signs and names and listening to the language of the street, you would think you were in some foreign land instead of America. When Columbus discovered America it was inhabited by Indians. European immigration changed the whole civilization of America, and the Americans of to-day are totally different from the original American—the Indian. English immigration to Australia has changed the civilization of that country, and it is to-day English in thought. European immigration to India is rapidly changing the national spirit and customs of that Empire. Japanese immigration has changed laws and life in China and Korea, and history teaches that where peoples of different nationalities, religions, customs, and civilization emigrate in large numbers to any land there is always a bitter conflict between the different races; if the immigrants become greatly superior in numbers in a republican form of government, inevitably the political ideas, customs, manner of living, and idiosyncrasies of the immigrants become dominant, control legislation, and ultimately shape the destiny of the nation. According to testimony adduced before the Immigration Committee of the



House, we have to-day 11,000,000 aliens in the United States, only 2,000,000 of whom have filed their declaration of intention to become citizens. In my opinion it is suicidal to the best interest of America to continue to permit further immigration until the millions of aliens now within our borders are Americanized by being required to learn to read, write, and speak our language, to familiarize themselves with American ideas and our American form of government, and to become American citizens.

In most of our industrial centers we have Little Bohemia, Little Italy, Little Russia, Little Germany, Little Poland, Chinatown, and so forth, which centers are the breeding grounds for un-American thought and deeds, and it is in such places that Emma Goldmans, Alexander Berkman, Haywoods, and the Fosters find their greatest number of converts and followers. Our country is filled with industrial unrest and discontent, strikes are common, anarchists, reds, communists, and I. W. W. agitators walk boldly and defiantly through our land, preaching their nefarious doctrine, urging that our Government be overthrown and a Bolshevik government established. These despicable creatures have no weight or influence with the brave, industrious, patriotic, American workingman, but they unduly sway the ignorant immigrants. Statistics show that in the basic industries of the United States foreigners constitute over 50 per cent of the laborers, as will be seen by a perusal of tables given below, prepared by Mr. Box from the reports of the Immigration Industrial Commission:

	Foreigners.
Iron and steel	57.7
Slaughtering and meat products	60.7
Bituminous coal	61.9
Woolen and worsted manufacturing	61
Cotton goods	67.7
Clothing manufacturing	72.2
Furniture manufacturing	59.1
Leather, curing and finishing	67
Oil refining	66
Sugar refining	85

From April 6, 1917, to November, 1918, the heartbreaking period, when our brave boys were in Europe or on the high seas braving the dangers of the German submarine, risking their all for you, for me, and for their beloved country, every impulse of love for them and appreciation of their sacrifice and every patriotic emotion and instinct dictated that every liberty-loving person employed in industries at home essential to supplying our heroes with food, clothing, and munitions of war should exert themselves to the utmost to reach the maximum of production to insure their success against the Germans.

But, notwithstanding this solemn, sacred duty, according to the Department of Labor, during this critical period of our national life, there were 6,000 strikes, the average duration of which approximated 17 or 18 days, in the industries of the United States. In this connection I can not refrain from expressing my sincere admiration for the patriotic conduct and marvelous achievements of the farmers of our country during the progress of the World War. [Applause.] The slogan "Food will win the war" became familiar to all. Notwithstanding tens of thousands of farmers and their sons and hired helpers were inducted into our military service, these splendid citizens, by working from daylight to dark, in sunshine and in rain, in the cold of winter and heat of summer, produced more crops than ever before in all our history. They fed and clothed our Army and the armies of our allies as well as the civil population of the Allies, and never for one moment did they consider striking. [Applause.]

The 6,000 strikes referred to were largely brought about by the influence of American walking delegates and foreign-labor agitators upon alien immigrants, who constitute the greater part of the employees in our essential industries. Such conditions will continue to exist as long as we permit immigrants from southern Europe and other objectionable parts of the world to enter the United States by the millions, with no intention of becoming American citizens, but who come solely to be employed in our industrial life, because they can get higher wages than they earn in their native country. In my judgment, the greatest service this Congress can render our country is to suspend all immigration for a period of 10 years or longer; to deport these red anarchistic labor agitators, and all other undesirable aliens, and to require all aliens within the United States within a specified time to learn to read, write, and speak the English language, to become Americanized and become citizens of the United States and real Americans in fact and not in name only. [Applause.]

I have no sympathy or patience with hyphenated Americans, whether they call themselves English-Americans, Hungarian-Americans, Scotch-Americans, French-Americans, Italian-Americans, Russian-Americans, Polish-Americans, or German-American-

icans. [Applause.] To me there is but one kind of American worthy of the name, and it is he who tolerates no prefix to "American"; one whose every thought, heartbeat, and emotion places America first before all other nations on earth; one who, in his heart of hearts, acknowledges allegiance to no country but America, and no flag but the Stars and Stripes. [Applause.] All aliens who are not willing and anxious to measure up to this standard should be deported from our land. [Applause.]

The bill I have introduced is intended to accomplish this purpose. Mr. Speaker, I have no pride of authorship in my bill, but I am profoundly interested in having legislation along the line suggested in it enacted into law. I earnestly appeal to you, my colleagues, to wake up to the grave situation that confronts us, and urge the Committee on Immigration to report out some bill restricting immigration, and when so reported to insist that the Republican steering committee, who directs the policy of this House, have the bill considered and enacted into law before Congress adjourns. I am alarmed for our country. One of the vital questions of the hour is whether our pure Americanism shall be preserved unpolluted to continue to enlighten, encourage, develop, and bless mankind, or whether it is to be polluted and destroyed; whether the people, culture, and spirit of our Nation shall be oriental, European, or continue American in character. The answer to this most important question largely depends upon what immigration laws we enact. Our forbears, with the great price of untold hardships and sacrifices, and, yea, with sacred, precious blood, established this, our ideal, Government in the wilderness of the New World for themselves and their posterity. We owe it to them, to our children, and descendants, and to ourselves, to see that America remains American, and that our priceless heritage shall in no way be impaired; continued immigration threatens it. Shall we continue to slumber when the country and form of government we love is endangered? I pray you, sirs, that your answer will be "No." [Applause.]

Mr. HENRY T. RAINEY. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MASON. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record upon the subject of a mandate for Armenia.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EMERSON. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

Mr. HICKS. Mr. Chairman, reserving the right to object, upon what subject?

Mr. EMERSON. Upon the duties of a Congressman and what we have done and are doing as a Congress.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EMERSON. Mr. Chairman, the following letter explains itself:

COMMITTEE ON RIVERS AND HARBORS,  
HOUSE OF REPRESENTATIVES OF THE UNITED STATES,  
Washington, D. C., May 22, 1920.

Hon. H. I. EMERSON,  
Congressman, Twenty-second District of Ohio,  
Cleveland, Ohio.

DEAR MR. EMERSON: I desire to congratulate you upon the fact that in the next Congress you will be the second man on the Rivers and Harbors Committee, as this will place you on the conference committee and give you much prestige.

You have advanced rapidly on this committee, due largely to your hard work.

With kindest regards, I am,

Yours, sincerely,

C. A. KENNEDY,

Chairman Committee on Rivers and Harbors.

Mr. Chairman, the service rendered by a Member of Congress is oftentimes misunderstood by his friends and oftentimes misrepresented by his enemies.

Members are oftentimes asked these questions: What have you done? What bills have you had passed?

I find upon investigation that over 20,000 bills are introduced by Members each term of Congress, and of this number about 200 become laws, or about 1 per cent.

Of these 200 bills and resolutions that are passed about 190, or 95 per cent, bore the names of the chairman of the committee that reported the bill.

Members who have been the most efficient here and have served in this House for over 25 years tell me they have secured the passage of not over 5 or 10 bills which bore their names during all the time they have served here.

All Members get pension bills through, but these bills are all placed together in one bill and bear the name of the chairman of the committee who reports the legislation.

A Congressman's service can not be measured by the number of bills or resolutions that are passed which bear his name.

A Congressman renders his greatest service by his votes for or against important legislation that comes before Congress.

He renders a great service when he assists the ex-service men back home in getting their insurance straightened out and in other ways.

He renders a great service when he attends properly to his correspondence and looks up the matters he is asked to look up, such as passports, securing copies of bills, publications, and reports.

Seniority prevails in the House, and a Member's influence increases with his years of service, and finally reaches its climax when he becomes chairman of some important committee.

Members are criticized for missing roll calls, which is oftentimes very unjust. Members should not miss a roll call upon a very important measure unless they have some very good reason, but the ordinary no-quorum roll call is made oftentimes solely to filibuster and delay important legislation, and, besides, Members are called away because of sickness and death, and some of the most efficient Members here miss roll calls when they are in the Capitol because they are attending important committee meetings or are in conference with the officials of some department.

About one-third of the roll calls are unnecessary and unnecessary for.

It takes at least a half of the day for a Member to answer his mail, and oftentimes all day.

I find that all Members of Congress are quite busy all the time, and are doing their best for their constituency as they see it.

Mr. FESS. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record upon the rehabilitation bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. OLDFIELD. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HULL of Tennessee. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SABATH. Mr. Chairman, I make the same request.

Mr. KING. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection to the requests of the gentlemen from Illinois [Mr. SABATH and Mr. KING]?

There was no objection.

Mr. CANNON. Mr. Chairman, would it be in order for me to ask unanimous consent that every Member have leave to extend his remarks in the Record?

The CHAIRMAN. The Chair would submit the request.

Mr. GARRETT. Mr. Chairman, it would not be in order if objection was made.

Mr. HICKS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HICKS. As a matter of fact is it in order at any time in committee for gentlemen to ask unanimous consent to extend their remarks in the Record on a subject other than that under consideration?

The CHAIRMAN. It is not.

Mr. HENRY T. RAINEY. Mr. Chairman, I yield to the gentleman from Missouri [Mr. DICKINSON].

#### MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. TILSON having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Dudley, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 1223. An act for the relief of the owner of the steamer *Mayflower* and for the relief of passengers on board said steamer;

S. 3763. An act regulating the disposition of lands formerly embraced in the grants to the Oregon & California Railroad Co. and Coos Bay Wagon Road Co.;

S. 3461. An act to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii; and

S. 4332. An act to exchange the present Federal building and site at Gastonia, N. C., for a new site and building.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11960) making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921.

The message also announced that the Senate had agreed to the amendment of the House of Representatives to the joint resolution (S. J. Res. 179) authorizing use of Army transports by teams, individuals, and their equipment representing the United States in Olympic games and international competitions.

The message also announced that in accordance with House joint resolution No. 302 the Vice President had appointed as members of the United States Pilgrim Tercentenary Commission Mr. LODGE, Mr. WALSH of Massachusetts, Mr. HARDING, and Mr. UNDERWOOD.

#### SIMPLIFICATION OF THE REVENUE ACT OF 1918.

The committee resumed its session.

Mr. DICKINSON of Missouri. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HENRY T. RAINEY. Mr. Chairman, I yield the remainder of my time to the gentleman from Tennessee [Mr. HULL].

Mr. HULL of Tennessee. Mr. Chairman, the majority party in control of Congress proposes to enter upon either the recess or the adjournment stage around June 1, presumably with the view of abandoning all further legislation until the regular session convenes in December next. The Republican caucus of the House of Representatives, which was held on May 17, 1919, just prior to the beginning of the extra session of Congress, adopted a legislative program in which they declared it to be their purpose to proceed in the consideration of a "constructive program of legislation," which, among many other important legislative items set out, included the following:

Reduction in domestic taxation; simplification of laws relating thereto; and immediate repeal of obnoxious consumption taxes.

This promise was also made to the people during the campaign of 1918. These and a number of other solemn pledges embraced in this pretended caucus program of legislation have so far been studiously ignored and deliberately broken. It would be worse than bad faith for the Republican Congress now to plead that it abandoned its plain duty and its unequivocal promise to simplify and make more equitable the war-tax system during the two sessions of Congress extending over the past 12 months through fear of presidential vetoes, because both the President and the Secretary of the Treasury have earnestly and repeatedly urged just such legislative action. If the Republican Congress were going to invoke this false plea in defense of its gross negligence, failure, or incapacity, such plea, if carried to its logical conclusion, means that the Republican House caucus, which convened on May 17, 1919, should have resolved that the President would veto any measure passed by the Republican Congress, and therefore no legislation, not even on a so-called peace resolution, could be considered until after March 4, 1921, under a new administration. The unvarnished truth is that the Republican leadership in this Congress early decided that instead of proceeding promptly to simplify and make more equitable the war-tax system, it would be better politics to allow the taxpayers to suffer and complain for one or two years and until after the presidential election, and that they might perchance visit their wrath upon the Democratic administration and overlook this duplicity and this deliberate failure of the Republican Congress to perform its plain duty to them. Again we thus see politics placed above duty and patriotism at the expense of all those taxpayers who are suffering from such inequities as changed conditions have created and as crept into the war-tax system incident to the necessary haste in which it was framed. Republican leaders have by this general policy been strenuously endeavoring to convert a nation of patriots into a nation of partisans. They have applied a political test to almost every legislative proposal.

Mr. Chairman, I desire to discuss the present and prospective state of our Federal taxation, and incidentally to offer some comment on our finances, economy in expenditures, and the present economic situation. In considering these problems we must bear in mind the new and, in many respects, wholly different conditions in our industrial, financial, and commercial affairs which have arisen as a result of the World War. The present artificial conditions of credit, money, trade, and prices but illustrate the truism that the problems of technical peace or peace during the reconstruction period are more difficult than those of war. The popular notion that a nation in arms can overnight be transformed into a nation at peace with peace or normal conditions has already been exploded. There still exists an enormous inflation of prices, credit, and currency extending throughout the world and embracing in similar degree both the nations which participated and those which did not participate in the war. We find just as high, and in most cases



higher, prices in Spain, Scandinavia, Japan, the Orient, and nations farthest removed from the war as exist in this country to-day. The destruction of \$40,000,000,000 of property, the loss of 9,000,000 men, and a total war cost of over \$200,000,000,000 have undermined the very foundation of European industry and commerce and badly dislocated our own economic situation. During the more than four years of war the world consumed and destroyed far more than it produced and saved.

In many most important respects we are still dealing with war conditions, and to do so successfully requires exhibitions of patriotism, patience, and toleration, such as the American people offered in the most wonderful way during the fighting period of the war. The lesson taught by every important war of the past, which we are too prone to forget, has been that almost a complete dislocation of social, political, and economic affairs, calling for gradual, radical, and painful readjustment, occurs, with the inevitable result that a wave of social unrest always appears, including strikes, controversy, discontent, wholesale complaints, and wholesale remedies, both real and imaginary. Some of these postwar evils can be remedied and some lessened by legislation, while others must run their logical course and disappear gradually. The greatest consolation which the American citizen can claim is the outstanding fact that the serious postwar difficulties, dangers, trials, and burdens which the entire world is at present undergoing, affect the people of this country far less injuriously in every important respect than the people of any other country participating in the war, and of almost every country not participating.

Both Government and individual financing have an important bearing on the restoration of normal economic conditions. During this trying period both the Government and the citizen should exercise sane and rigid economy in expenditure, and both should cooperate in the work of catching up with all kinds of essential production. Only increased production and economy will bring down prices and taxes.

Mr. Chairman, just now there is much timely discussion of the questions of Federal revenue, expenditures, and economy. The American people are rightfully demanding of Congress the wisest and soundest action in dealing with each of these problems. It has been correctly stated that during this presidential year the people will be interested in political parties more on account of what they will accomplish in the future than what they have achieved in the past. The past record of a political party on a given subject, however, affords the best possible assurance of what it will or will not do in the future. Since certain Republican leaders, by every kind of false and misleading statements, charges, and innuendos, have sought to minimize the record of the Democratic administration, as it relates to taxation, expenditures, and economy, I shall direct attention to a few high points in the records of the two leading parties on these three subjects, both as a means of showing the utter falsity of their present attacks and as an augury of what can reasonably be expected of each party if intrusted with power in November.

The Democratic Party administered the affairs of the General Government during the chief portion of the first 70 years of its history. Its cardinal policies were equitable taxation with the lowest levy that would meet the necessities of the Government, administered with economy and efficiency in all its departments. Under these wise and beneficent policies, which the opposition, even, had ceased to question for many years prior to the Civil War, the annual expenditures of the Federal Government only rose to \$63,000,000 from 1789 to 1860. During this period a number of wars were fought and most of the great public domain west of the Mississippi was annexed. The average annual increase of expenditures covering more than one-half the Nation's history was less than \$800,000. For the first full year after the Civil War the Republican Congress only reduced expenditures from the highest war peak a little over one-half. As late as 1868, more than three full years after the war, the level of ordinary expenditures still stood at \$207,000,000, or more than three times the prewar level, excluding new pensions and interest on the new war debt, whereas the Treasury officials estimated that a fair normal annual increase from 1861 should have placed the expenditures for 1869 at \$100,000,000. The Harrison administration increased the average of annual expenditures over the first Cleveland administration \$95,000,000, while the second Cleveland administration conducted the Government at a cost of \$6,559,000 less than the preceding Harrison administration.

The McKinley administration increased the average annual expenditures \$45,000,000 over those of the last Cleveland administration, or a total for the four years of \$180,000,000, excluding the entire expenses of the Spanish-American War. The last four years of the Roosevelt administration piled up

expenditures of \$1,696,000,000 in excess of the last four years of Cleveland's administration, or an average annual increase of \$424,000,000. The Taft administration pursued the settled Republican peace and war policy of waste and extravagance. [Applause on the Democratic side.]

Blaine, in his "Twenty Years in Congress," referring to previous Democratic administrations, says:

During the long period of their domination they guarded the Treasury against every form of corruption and every attempt at extravagance.

Mr. Chairman, the Democratic Party is traditionally the party of economy in Federal expenditures; the Republican Party is traditionally the party of extravagance. I can emphasize the wide contrast between the honesty, efficiency, and economy of the Democratic administrations and the policy of waste, corruption, and indifference to the taxpayers by Republican administrations no more accurately than by offering two citations. The indictment of the first 16 years of Republican rule by Samuel J. Tilden in the Democratic national platform of 1876 reads as follows:

The annals of this Republic show the disgrace and censure of a Vice President; a late Speaker of the House of Representatives marketing his rulings as a presiding officer; three Senators profiting secretly by their votes as lawmakers; five chairmen of the leading committees of the late House of Representatives exposed in jobbery; a late Secretary of the Treasury forcing balances in the public accounts; a late Attorney General misappropriating public funds; a Secretary of the Navy enriched or enriching friends by percentages levied off the profits of contractors with his department; an ambassador to England censured in a dishonorable speculation; the President's private secretary barely escaping conviction upon trial for guilty complicity in frauds upon the revenue; a Secretary of War impeached for high crimes and misdemeanors.

Verily, there were itching palms and nimble fingers in high official life in those days. On these awful charges the American electorate returned a verdict of "guilty without mitigating circumstances." I challenge comparison of this hideous record of almost one continuous official debauch with that of every important Democratic Federal official during the past seven years or any other period. Fourteen years later, when the Republican administration amazed the country with a billion-dollar Congress, and then, 20 years thereafter, a billion-dollar single session of Congress, the cool and contemptuous reply to the outraged taxpayers was "this is a billion-dollar country." I deny the right of any Republican whose party record is reeking with official waste, corruption, and debauchery to slander the present Democratic administration in similar terms by imputations and innuendos and without any concrete facts. I deny the right of any Republican whose party, during all the years it was in power, kept one hand in the Treasury and the other in the pockets of the people to upbraid a Democratic administration for either extravagance or unfair taxation. We find in almost every single Democratic platform of the past hundred years a strong plank pledging rigid economy, honest and fair taxation, and efficiency in the administration of Government affairs, while Republican platforms, with rare exceptions, have been completely silent on these vital policies. "By their fruits ye shall know them."

Mr. Chairman, let us now carry this contrast further into the present Democratic administration, covering the past seven years and including the financing of the Nation's part in the World War. When this administration assumed control of the Government in 1913 it found a patchwork, panic-breeding currency system and a system of lopsided customhouse taxation, which consistently exploited the consumers and carefully protected the principal owners of the wealth of the country from nearly all taxation. The great Federal reserve law was speedily enacted. A broad and equitable system of income taxation was passed and put in permanent effect for the first time. This system was based on the principle of ability to pay instead of on the necessities of the taxpayer. The income tax and the Federal reserve act gave the United States a fiscal system everywhere conceded to be far superior to that of any other nation. Save for these two great engines of fiscal power the successful financing of the Great War which soon followed their enactment would have been utterly impossible. They came in the very nick of time and they only came with the advent of this Democratic administration. Prior to the war this administration exerted itself to effect plans for economies, which included a budget system. The normal expenditures for 1916, \$1,072,000,000, were held down \$5,000,000 below those for the previous year. Then we were drawn into the war.

It is a matter of extreme gratification that the ablest statesmen, financiers, and economists the world over agree that our Government financed its part of the war on lines far sounder and wiser than any other nation. When the United States entered the war on April 6, 1917, Congress proceeded with the work of formulating a suitable war-revenue policy. After a

careful consideration of the fundamental principles of taxation, the consensus of opinion was that an equitable and comprehensive war tax should be laid principally upon wealth, luxury, pleasure, and seminecessities. With a basis of taxation thus established on lines broad and sound at the beginning of the war, the tax could be increased and extended as the war progressed and our revenue needs increased, and after business had adjusted itself to such new system of taxation, without disturbance of our economic conditions and without the necessity later of readjusting or patching up our tax structure. In adopting this view Congress was actuated by the three controlling considerations of adequate revenue, equity in the tax levy, and ability to pay. This general policy was written into the war-revenue act of 1917 and was further conspicuously reflected in the war-revenue act of 1918. The taxation embraced in these two measures—though all war taxation must be more or less inequitable—is recognized by economists and financiers everywhere as more nearly meeting all the requirements of general soundness as to its scope, nature, and extent than the war-revenue system of any other nation.

Congress was guided by the further principle of wise war finance, nowhere controverted, that during the war the Government should levy the largest amount of taxes that could be imposed without materially injuring business or seriously handicapping the normal course and development of any essential industry. Excluding normal expenditures, postal receipts, and the principal of the public debt, the war cost from April 6, 1917, to October 31, 1919, was \$32,330,000,000, the total war and normal cost being \$35,413,000,000. During this period the revenue receipts other than borrowed money aggregated \$11,280,000,000, or 32 per cent of the total expenditures; or, if we deduct the amount of loans made during this period to foreign Governments in direct aid of the prosecution of the war, aggregating nearly \$9,406,000,000, leaving the disbursements of the American Government \$26,007,000,000, the proportion of the cost met out of revenues was over 43 per cent. I have not deducted several large special and temporary items expended for stock of War Finance Corporation, ships, railroads, Federal land banks, and so forth. This ratio of receipts from taxation to expenditures was 24.7 per cent in England, 15 per cent in France, 14.7 per cent in Italy, and less than 11 per cent in Germany. Ours was a much better showing than that of any other important Government. This wise policy of taxation kept down inflation of credit and prices, maintained our Government credit, and permitted a corresponding payment of war costs with the same inflated values in which they were contracted, and to that extent saved the taxpayers a double burden in the future. I append to my remarks tables giving itemized statement of receipts and disbursements from April 6, 1917, to April 30, 1920.

Mr. Chairman, it is easy, now that the war is won, to offer ignorant, captious, and political criticism of the amount of the war expenditures. The complete answer to such unpatriotic efforts to minimize our war achievements is to say that during a period of 19 months the combined financial and industrial efforts of the United States were feverishly exerted to throw its maximum resources, including man power and supplies, into the war. The inevitable result was that huge plans were perfected, thousands of contracts entered into, colossal programs framed, enormous military and industrial structures built up upon what the allied generals agreed was the true assumption that the war would continue far into the year 1919, and in contemplation of sending nearly 5,000,000 soldiers, with ample equipment and supplies, to France. On this unprecedentedly broad basis the United States was going full tilt when suddenly, and to the surprise of the allied military authorities, the armistice came about and the fighting part of the war ended. Carping political critics of expenditures now say in effect that the Government should have ignored this best human foresight and restricted its war activities to the narrow scope that would contemplate the sudden ending of the war in November, 1918.

Let us try to imagine how the political hyenas now offering this criticism would have yelped and thundered against the Government had it failed to prosecute the war on the great scale it did, and the war as a result had continued into the spring and summer of 1919, as it doubtless would have done, involving fabulous expenditures of men and money in excess of what were actually incurred. Speed, necessarily resulting in what would ordinarily be considered extravagant expenditures, is the one prime, paramount factor in the successful prosecution of any war. The expenditures, though ever so high, arising where a vigorously prosecuted war is brought to a quick conclusion, are far less in the aggregate than a lower level of expenditures involved in a slowly conducted and consequent long-

drawn-out war, to say nothing of the increased loss of life. Compared with the English war debt, ours would be over \$70,000,000,000, and still greater when compared with those of most other nations participating in the war.

While the entire world applauds the Nation's unparalleled war record of 19 months, only certain ignorant or hypocritical critics at home seek to dim the glory of our achievements. Some Republican leaders vociferously demand more than their party's share of credit for the prosecution of the war, and at the same time claim exemption from any share of responsibility or criticism.

Republican leaders strive to create the impression that the Treasury is in a distressful and serious condition. I agree that in normal times this would be true, but it is outrageously unfair and unjustifiable to apply this test now. The truth is that our Treasury condition is immeasurably better than that of any other important Government, and is as satisfactory as could possibly be expected in the circumstances. The deficit in current receipts and expenditures for the first nine months of this fiscal year was \$214,000,000, and it will only be later increased to the extent of the much larger withdrawals under recent railroad appropriations than were expected. At the same time our floating debt, most all of which came over into this fiscal year in the form of outstanding certificates of indebtedness, will be reduced, counting certain reductions in the general fund in the transaction, near \$600,000,000, and will on June 30 be considerably less than \$3,155,000,000, which is the amount of the deficit produced by the current annual expenditures and the amount of floating war debt combined, as estimated in the last annual report of the Secretary of the Treasury. The entire amount of these outstanding certificates has been extended, so they will mature in the fiscal year 1921, except \$716,630,000, which are covered by the income and profits taxes payable on June 15, 1920. The much-talked-of "deficit" arrived at by counting our floating war debt is thus practically provided for. Exclusive of public-debt transactions, the latest estimated receipts for this fiscal year ending June 30 next are \$6,521,000,000, while the estimated expenditures are nearly \$7,000,000,000. The extreme delay of Congress in returning the railroads, with the resulting new expenditure of \$1,000,000,000, together with its failure to adopt any definite shipping policy, so the Treasury could derive receipts instead of suffer further expenditures from this source, afford the main reason for the failure of current receipts to balance current expenditures during this fiscal year. The chief portion of \$5,000,000,000 has gone to the railroads and ships since the armistice.

Mr. Chairman, no other important Government has so nearly balanced current receipts and expenditures at this early stage after the war, notwithstanding each has added taxes to its war-tax system, while a Democratic Congress reduced our war taxes about \$2,000,000,000. England suffered a deficit of \$1,630,000,000 at the end of her recent fiscal year, without including her floating debt of more than \$6,000,000,000, while France fell several billions behind, and Italy and other countries fared in like proportion. Even Japan expects to borrow \$170,000,000 during her new fiscal year. Republican administrations suffered five annual deficits in the ordinary receipts and expenditures of the Government, ranging as high as \$89,000,000, from 1897 to 1910; and it ill becomes a partisan Republican to pretend to censure the Democratic administration for failure to show a surplus instead of a practical balance at the end of only the first full fiscal year after the war.

With our present volume of taxation continued through next year and with rigid economy—far more rigid than the feeble and utterly ineffective sort which this Republican Congress has so far practiced—the Treasury should be able to reduce the amount of our floating debt considerably more than one-half by June 30, 1921. Instead of outlining a broad-gauged, constructive program of strict economy and legislating accordingly, the Republican majority in Congress, signally failing in this course, as the actual appropriations will later show, has engaged in mere haphazard methods, and to offer the appearance of real retrenchment to the country they have adopted the transparent and fraudulent device of proclaiming the amount of the reduction in the departmental estimates made by the House appropriation bills as the true standard of legislative economy. The only accurate standard consists in the reduction of the present below the past regular expenditures of similar character for similar purposes and under similar conditions, without impairing the efficiency of the public service. New items of expenditure not due to absolute emergency should be included in such computations. According to the present Republican fake rule of calculating savings, Democratic Congresses during the past



seven years have saved \$9,275,000,000, one "saving" alone amounting to \$5,554,000,000 for the fiscal year 1918. Everybody knows that the estimates of the departments have always embraced higher figures than either the appropriations or the expenditures would later involve. Republican leaders have not only worked this system of false propaganda overtime, but as war expenditures have disappeared, as temporary war bureaus and divisions have automatically gone out of existence, and expenditures have correspondingly declined, they have attempted to capitalize these natural reductions by pretending that they were only achieved by so-called Republican economy. Another similar scheme is to reduce appropriations for next year lower than the necessary amount, with a view to making up the proper amounts in the succession of deficiency bills expected to follow the November election. In fact, many of these deficiencies are in part met through special bills bearing some other title which are dropped through the House on the various Calendar Wednesdays.

This Congress, in pursuit of the same subtle and false policy, is concealing several hundred million dollars of appropriations by merely authorizing departments to expend unexpended balances in the Treasury and given amounts on hand or later to accrue from their operations, without requiring the latter to be paid into the Treasury and appropriations then made in a business way. One item of over \$200,000,000 is thus concealed in connection with the operation of the shipping organization. To add absurdity to false pretense, the endeavor is constantly made to convince the public that the deficit in current receipts and expenditures at the end of this fiscal year is near \$3,000,000,000 instead of the small figures I have already set out. This pretended conclusion is reached by improperly including the total amount of the floating war debt as a current expenditure, which is strictly a war hang over. The only wonder is that these lightning political calculators did not include the entire funded debt. It would be almost as deceptive as the floating debt in this connection.

Mr. Chairman, the total annual expenditures should during the next two or three years be kept down around \$3,500,000,000, but a Republican Congress will never do it, because a stream can not rise higher than its source. [Applause on the Democratic side.] This would include interest on the public debt and sinking fund requirements of \$1,250,000,000. Insurance, compensation, pensions, and other aid to all ex-service men will probably reach an average level of \$700,000,000 per annum for the period of the next 25 years. Unless the annual expenditures under the regular appropriations, not embracing any part of the items just recited, are held down far more rigorously than during the present session, they will be found to aggregate from \$1,800,000,000 to \$2,000,000,000 both during the next fiscal year and some years to follow. This amount is in striking contrast with the 1916 expenditure standard. Budget legislation has been so delayed that it will afford but slight aid in fixing the amount of the appropriations for the fiscal year ending June 30, 1922.

Mr. Chairman, the American people met the large war-tax levies with admirable spirit and patience, but many imagined that as soon as the fighting part of the war ended war conditions and war taxes would likewise end. They overlooked the dreaded and trying period of reconstruction which follows in the wake of every war, and also the considerable amount of expenditures arising directly from the war that would confront the Treasury for a year or two thereafter. We must not forget that war taxes are still utilized to meet war obligations. When paying taxes a citizen would also do well to stop and recall a few of the many inestimable benefits and advantages he derives from the Federal, State, and local governments in return. Police and peace officers protect the safety of the taxpayer, his family, and his property by day and by night; he and his family have the benefits of public highways, streets, and sidewalks, constructed and maintained by governmental agencies; efficient free schools beckon on every hand to the children of the taxpayer; courts of justice are open to the taxpayer at governmental expense for the redress of any injury, actual or threatened, against his person or property—these and manifold other privileges, rights, and liberties, priceless in their nature, are derived from taxes paid. Think how much smaller and fewer would be these wonderful benefits and blessings and how much greater the expense should organized society be dissolved and each individual, without cooperation with others, undertake to care for his own welfare.

We, nevertheless, hear many complaints against the existing war-tax system and a demand for a readjustment of the tax burdens. It is undoubtedly true, as was inevitable, that numerous hardships and injustices have resulted to certain taxpayers from a number of inequitable features in the present

system in its application to existing postwar conditions. The taxpayer in his present situation, however, should realize two important facts: One is that much louder complaints against much more inequitable war-tax systems are being made by the taxpayers of the other nations participating in the war, and the other is that many, or most, of the injustices complained of could and should have been eliminated by Congress in extra session during the year 1919. The trouble is not so much in high taxation as in its present inequitable effects. Let me say, in the first place, that Congress exerted its fullest possible efforts to enact equitable war taxation. Senator PENROSE filed a report expressing the views of most of the minority on the revenue act of 1918, when it was reported to the Senate, and in that report he said:

With respect to those provisions of the bill as amended by the committee, which it is estimated will produce \$6,000,000,000 revenue for a full 12-months period, we are generally in accord. These provisions are the result of months of painstaking deliberation and are based upon as accurate and reliable expert information as it was possible to obtain through every agency, official and other. They reflect actual business, industrial, and economic conditions now believed to exist, taking into consideration the rapid transition during the year from the maximum war-needs production to the sudden cessation of hostilities and the arrest of war industry.

Both political parties in Congress were equally responsible for these war-tax statutes, because both shared alike in framing them; no substitute plans or methods were offered by the minority; both parties approved each measure as being the best that could be drafted amid war conditions, the House was equally divided politically, each bill was reported out of the House and Senate committees with practical unanimity, and the entire membership of each party, with scattering exceptions, voted for their final passage.

Mr. Chairman, had the Democratic Party retained control of Congress it would have proceeded during the year 1919 to simplify and in many ways readjust the existing tax system; to substitute more equitable items for harsher ones repealed, so as to afford relief in many cases and classes of cases where serious discrimination or hardship existed; to raise some rates and lower others; and at the same time safeguarding the present volume of revenue. Other nations have already taken just such action.

Any important war makes imperatively necessary three stages of revenue legislation: War taxes framed amidst abnormal conditions and calculated to raise the largest possible amount of revenue within the shortest possible time; a readjustment of the war taxes following the termination of the war with a view to simplification and to removing inequities discovered and better to adjust the tax burdens in the light of reconstruction or post-war conditions; and finally the working out and perfecting of a permanent revenue system applicable to normal conditions. Our Republican friends in control of Congress have purposely denied the American taxpayers the much-needed relief which this second stage most strongly calls for, although the fullest cooperation has been constantly tendered by the President and the Democratic membership of both Houses of Congress.

In his first message to the extra session on May 20, 1919, the President devoted nearly two pages to urgent recommendations of just such tax readjustments as I have outlined. In his message to the present session at its opening on December 2, 1919, he again devoted about two pages to the same subject in the most earnest language, prefacing his recommendations in the following words:

I trust that the Congress will give its immediate consideration to the problem of future taxation. Simplification of the income and profits taxes has become an immediate necessity.

The Secretary of the Treasury, in his annual report of December, 1919, made strenuous recommendations to the same effect, in the course of which he said:

I believe it to be the duty of the Congress to give its closest attention to the study of the incidence of taxation with a view to the revision of the revenue act on lines which will produce the necessary revenue with the minimum of inconvenience and injustice.

He earnestly plead the urgent necessity of revision of the revenue law by Congress. As late as March 17, 1920, the Secretary of the Treasury addressed a strong letter to the chairman of the Ways and Means Committee of the House, outlining a plan to simplify the income and profits taxes, to simplify Liberty bond exemptions, and specifying a number of other harsh features of the present tax system and its administration, together with suggested remedies. The Secretary said in part:

Public opinion has not yet awakened to the gravity of the consequences which are likely to follow a failure to simplify the tax laws at this legislative session.

He then stated that postponement now meant no tax relief until the autumn or winter of 1921, and then added, "I can not contemplate such delay without the gravest apprehension." He concludes his forcible and very earnest recommendation as follows:

I shall be glad upon request to submit draft of amendments embodying the suggestions here presented, and to place at your disposal for the work of tax revision all of the personnel and facilities of the Treasury Department.

Democratic members of the Ways and Means Committee of the House have introduced many remedial tax measures, and have during the entire past 12 months constantly urged on the Republican majority of the committee prompt and effective tax legislation.

Mr. Chairman, I charge that the action of this Republican Congress in deliberately postponing this character of remedial tax legislation for one and a half years, for purely political reasons, resulting as it must in untold injury to a vast number of taxpayers and many phases of business, is worse than criminal. When the public is later able to appraise the injuries and the wrongs inflicted upon the country by this and similar omissions of this Republican Congress in its political policy of denying a suffering people this and other needed legislation, thereby encouraging and aggravating discontent in order to capitalize it in November, its wrath and contempt will know no bounds. To add insult to injury, Republican leaders endeavor to cover up their pusillanimous record of failure by declaiming daily against various features of the present war-tax laws, just as though their party in control of Congress had been helpless to remedy them since last May. The gentleman from Michigan [Mr. FORDNEY], attempting still further to confuse the public, in a speech before the Republican State convention of Michigan on May 5, 1920, spoke with pretended alarm about the present large volume of imports, although he knew that our exports were increasing in greater proportion, and added that \$700,000,000 of revenue could be derived from imports by an adequate protective tariff law. This gentleman either overlooked or ignored the important fact that a smaller quantity of manufactures ready for consumption, from which customs taxes are chiefly derived, are now being imported than came in under the Payne tariff law. With values doubled, and more than doubled, the total annual amount of these imports is less than \$700,000,000. The overwhelming portion of present imports comprise crude materials for use in manufacture, foodstuffs, and manufactures for further use in manufacturing. The gentleman from Michigan will never be permitted, and will probably never even attempt, to levy any substantial amount of tariff taxes on these classes of articles should his party perchance control the next Congress. I think every person except the gentleman from Michigan [Mr. FORDNEY] now knows this fact. The greatest amount of customs taxes the Republicans were able to levy under the Dingley and Payne tariff laws averaged less than \$275,000,000 from 1897 to 1913. Toward the end of this period they were forced to turn to internal taxes to supplement this amount. No customs yield, unless noncompetitive articles are taxed, can well be made to greatly exceed \$400,000,000. The most ignorant person now knows that any political party in charge of the Government hereafter must rely chiefly upon our internal revenue.

What will be our revenue and expenditure situation for the next fiscal year ending June 30, 1921? The Treasury estimates total receipts \$5,620,350,000 and total expenditures \$3,973,797,000.

It was most vital that Congress during 1919 should have commenced the work of tax readjustment and the gradual development of a permanent peace system framed on the lines of equity, ability to pay, and productiveness of revenue. This policy, which the Democratic Party, being in the minority, could not inaugurate, embraced the one big central plan of formulating such additions to and modifications of our income-tax laws as would subject the profits of individuals, partnerships, and corporations to the same relative proportion of taxes. This course would contemplate the elimination as early as possible of the "capital invested" provisions of the excess-profits tax and the merging into the income-tax law proper of such additional and substitute provisions as would adequately meet this phase of tax requirements, with a view to the development of the broadest and most comprehensive normal peace income-tax system possible to be devised. I shall presently discuss this proposal in some detail. Another policy of close secondary importance would require the concentration of the immense number of miscellaneous taxes, both large and small. It is wiser and better to levy a substantial tax on a limited number of articles than a small tax on nearly all articles. Collections are much easier and cheaper, the difficulties of administration are greatly reduced, and the taxpaying public is saved from an immense

amount of trouble and vexation. We have entirely too many kinds of little taxes, and they can be reformed under the rule just stated without loss but with additions to the revenue, if necessary, and with great relief to the general public. Let me say to the captious critic of the present laws, however, that the jumbled, confused mass of Civil War tax laws is universally conceded to have been immeasurably harsher and more burdensome than those now in operation.

Mr. Chairman, in looking for more desirable substitute tax subjects, we readily see the entire feasibility of increasing the yield of the estate tax from \$110,000,000 to \$300,000,000 per annum. This would be a relatively smaller burden than that imposed in England and some other countries. The stamp taxes, while they remain, could just as easily be greatly augmented. They yielded \$112,000,000 in England last year, and they constitute a substantial portion of the peace tax systems of most nations. The automobile taxes could, without undue burden, stand a considerable raise. The 3-cent postage tax additional yield of \$70,000,000 could well be restored. The governments of several other nations impose 4 cents and more. Several billions of exempt property should be reached for income taxation. But it is useless in the circumstances to enlarge on these items at this time. The transportation or freight tax in the present abnormal situation materially adds to the cost of living and should at least temporarily be replaced by a less hurtful item of taxation. Some of the retail-sales taxes, which are unproductive and almost unworkable, loudly call for radical modifications or entire substitutes. It is to no purpose, however, to offer further suggestions relative to changes, repeals, and substitutions that are desirable in connection with the miscellaneous taxes, since no legislation is contemplated during the present session.

Let us now turn to the further consideration of the proposed relief measures relating to the income and excess-profits taxes and to the conflicting views now prevalent as to the incidence of the principal taxes. The war and excess profits provisions are based upon the view generally accepted in the 14 countries enacting such laws during the war, that it is entirely justifiable for the Government to take the chief portion of abnormal profits arising under war conditions for the payment of war expenditures. These laws can only be somewhat crude, temporary war measures. Any law applicable to abnormal profits and abnormal conditions such as these will necessarily be lacking in equity and scientific accuracy in many individual cases and in some classes of cases. The controlling feature of equity is that no citizen should be permitted to make and keep abnormal or colossal profits as a result of the war, but should be required to turn the excess over a good normal profit into the Treasury. To say the least, this plan offers the most feasible method of reaching this class of profits. The chief complaint against the law at present is based on two conflicting theories: One that it is severely overtaxing business and handicapping business development, including expansions and the making of future contracts, while the other theory is that these taxes are passed on by business to the consumers, thereby greatly increasing the high cost of living. The biggest factor in creating the present high prices is undoubtedly the scarcity of production; another major factor is the great inflation of credit and fiat paper money in Europe amounting to over \$50,000,000,000, and of credit in this country, while taxes offer a third contributing cause. Following the Civil War there was a great clamor for the immediate repeal of war taxes in order to reduce prices, but a full try out of this theory at that time proved that prices were not affected by the removal of the taxes because of the influence of the stronger factor of scarcity of production. The result was that the producers received the same and even higher prices in many cases and transferred the amount of the taxes repealed from the Federal Treasury to their own pockets. We recall that prior to the time of high war taxes a greater rise in prices occurred than afterwards; that prices showed no decline when substantial reductions were made in war-profits taxes for the calendar year 1919 and thereafter; and that prices have risen and remained high in countries like France and even countries not participating in the war, which did not impose high taxes, or much less, at any rate, than England and the United States, countries which imposed high taxes. I repeat that the chief ground of complaint must be based on inequities rather than the amount of the present taxes. I think some taxes do retard production.

The corporate net income of the country remaining after paying all income, excess, and war profits taxes from 1916 to 1920, inclusive, is more than \$34,000,000,000, or an average of \$7,000,000,000 a year, while the corresponding net income remaining for the years 1912, 1913, and 1914 averaged but slightly over



\$4,000,000,000, and these latter were not bad business years. I fully appreciate and sympathize with the condition of those taxpayers suffering from inequities in the law, but I do feel justified in commending to those other taxpayers not so suffering, but complaining nevertheless, the example of financial heroism of similar classes of taxpayers in most other countries, where, with the minimum of complaint, they are grimly and resolutely facing and bearing heavier burdens as only patriots can. Those who remained at home and made immense profits during the war should even welcome the opportunity to turn over to the Treasury most or all of the excess above a good profit. The war was never intended as a money-making institution, and those who have profited abnormally from it will meet with deserved popular condemnation whenever they attempt to shirk their duty to pay taxes accordingly. This class of persons and corporations should be subjected to the maximum of the present war-tax laws and of general peace-tax laws during the coming years.

Mr. Chairman, the claim that existing excess-profits taxes afford an incentive to commit waste by unnecessary advertising and other nonessential expenditures was far more plausible during the calendar year 1918, when the Government was taking 80 per cent of war profits, and hence paid 80 cents on each dollar so wasted, than since that time, because the highest excess-profits tax rates are now 40 per cent, and more than 50 per cent of the corporations fall within the 20 per cent bracket. Our conditions of mixed real and artificial prosperity are conducive of much extravagance, which would occur in any event, but just now the fault of all extravagance is laid on the present taxes. To the other charge, that profits taxes are generally passed on to the consumers, the ablest economists the world over have always agreed that the graduated income tax is far less capable of being passed on than any other tax that has been devised. Under this system of graduation the greater the profits realized by the taxpayer the greater the amount he must turn over to the Treasury, with the result that he must soon tire of the process. The most damaging indictment thus far brought against business concerns which have been realizing abnormal profits is that they are willing to charge the public enough to pay all excess-profits taxes imposed and such additional and extortionate amounts as would enable them to realize substantially the same level of abnormal profits that they would have reached in the absence of such taxes. I can not well conceive of a more utter lack of patriotism than that which would prompt any business concern to practice extortion on so huge a scale. Every spark of business integrity and enlightened self-interest would require this class of taxpayers to be content to charge consumers a just and reasonable margin of profit, and any failure should meet with drastic penalties.

Let me make brief reference to some of the many concrete recommendations of the Treasury suggesting tax modifications: Amendment authorizing the Treasury with the consent of the taxpayer to make final settlements of tax assessments and

claims in order that the taxpayer may know that he is through; an amendment providing that when Treasury decisions are reversed the new decision or regulation shall not be retroactive; an amendment limiting suits, assessments, and for the collection of taxes to five years after the date return was due; an amendment simplifying Liberty bond exemptions so that owners would have no difficulty in making tax returns; an amendment providing for the apportionment of taxes on profits derived from the sale of property over the period of years it was held, and a like apportionment of compensation for personal service under contracts extending over a period of years; a new law to tax personal service corporations in lieu of the provisions recently declared invalid by the Supreme Court, so as to prevent several thousands of these corporations from remaining tax free for two or three years, involving several million dollars loss to the Treasury; to readjust the higher individual surtaxes on incomes, up or down, with a view to securing the maximum of taxes from this highest category of income; the enactment of suitable provisions to deal with the stock dividend situation as the recent Supreme Court decision left it, so as to save the Treasury tens of millions of dollars; a new enactment requiring the donee in case of all gifts to pay income tax on the difference between the price at which he sells the property and the cost to the donor, thereby literally saving the Treasury hundreds of millions of dollars; a new law simplifying and radically modifying the excess-profits tax with a view to meeting the Treasury requirements pending its early repeal and the merging of suitable substitute tax provisions into the income tax system proper. This plan would have for its purpose the securing of the fullest measure of taxes from all remaining excess profits, but in a more accurate and equitable manner which would be arrived at by imposing a substantial flat or graduated tax on the undistributed profits of corporations and by the elimination of the "capital invested" provision of the present law. These and scores of other amendments to the present tax system have been urged on the Ways and Means Committee by the Treasury for many months. Many of the proposed changes would simplify existing provisions without the loss of revenue, while others would make the laws much more equitable and at the same time afford an actual increase of revenue. The passage of a few of these tax items through the House as Congress is in the act of adjourning is not even deathbed repentance.

Mr. Chairman, I am amply justified in the light of the record of the present and past Republican Congresses in failing and refusing to adopt honest and fair revenue legislation—legislation based on the ability of the taxpayer to pay—in offering the earnest view that only a Democratic Congress can be expected and relied upon to bring about speedy, comprehensive, and equitable reforms in our present system of war taxation, develop it into a model peace revenue system, and maintain its traditional policy of economy in expenditures. [Applause on the Democratic side.]

TABLE A.—Classified receipts of the United States Government, exclusive of the principal of the public debt, from Apr. 6, 1917, to Apr. 30, 1920.

	Customs.	Income and profits tax.	Miscellaneous internal revenue.	Miscellaneous revenue.	Panama Canal.	Total.
Apr. 6, 1917, to June 30, 1917.....	\$65,210,500.96	\$326,906,757.77	\$142,391,206.47	\$31,286,970.82	\$1,643,271.07	\$567,438,707.09
Fiscal year 1918.....	179,908,383.49	2,314,006,291.84	872,028,020.27	232,513,814.82	6,036,354.28	3,664,582,864.70
Fiscal year 1919.....	184,457,867.39	3,018,738,687.29	1,296,501,291.67	646,139,700.05	6,374,590.03	5,152,257,136.43
July 1, 1919, to Apr. 30, 1920.....	259,471,684.71	3,124,029,503.24	1,223,517,683.95	520,029,968.05	4,178,563.56	5,131,227,403.51
Grand total.....	689,138,436.55	8,783,726,240.14	3,534,438,202.36	1,489,970,453.74	18,232,780.94	14,515,506,113.73

TABLE B.—Statement showing classified disbursements of the United States Government, exclusive of the principal of the public debt, by months, from Apr. 6, 1917, to Apr. 30, 1920.

	Ordinary.	Foreign loans.	Other special.	Total.
Apr. 6, 1917, to June 30, 1917.....	\$317,118,665.99	\$885,000,000.00	\$13,767,962.56	\$1,215,886,628.55
Fiscal year 1918.....	7,874,386,324.91	4,738,029,750.00	84,286,396.23	12,696,702,471.14
Fiscal year 1919.....	14,935,848,739.62	3,479,255,265.56	99,775,949.85	18,514,879,955.03
July 1, 1919, to Apr. 30, 1920.....	5,120,717,593.44	403,337,028.09	9,451,627.01	5,533,506,249.44
Grand total.....	28,248,071,323.96	9,505,622,043.65	207,281,936.55	37,960,975,304.16

TABLE C.—Preliminary financial statement of the United States Government for the period from Apr. 6, 1917, to Apr. 30, 1920.

RECEIPTS AND DISBURSEMENTS.			
Net balance in the general fund Apr. 5, 1917.....	\$92,317,710.27	Disbursements, exclusive of principal of public debt, Apr. 6, 1917, to Apr. 30, 1920.....	\$37,960,975,304.16
Receipts exclusive of principal of public debt, Apr. 6, 1917, to Apr. 30, 1920.....	14,515,506,113.73	Public debt disbursements Apr. 6, 1917, to Apr. 30, 1920.....	38,683,873,453.48
Public debt receipts Apr. 6, 1917, to Apr. 30, 1920.....	62,346,582,553.95	Net balance in the general fund Apr. 30, 1920.....	309,557,620.31
	76,954,406,377.95		76,954,406,377.95

## PUBLIC DEBT AND EXPENDITURES.

Total disbursements for war period, exclusive of principal of public debt..... \$37,960,975,304.16  
Total receipts for war period, exclusive of principal of public debt..... 14,515,506,113.73

Excess of disbursements over receipts for war period..... 23,445,469,190.43

NOTE.—The large amount of the public debt accounts is chiefly due to the frequent issues and redemptions of Treasury certificates.

Total gross debt Apr. 30, 1920..... \$24,944,677,796.75  
Total gross debt Apr. 5, 1917..... 1,251,968,696.28  
Gross debt increase for war period..... 23,692,709,100.47  
Net balance in the general fund, Apr. 30, 1920..... \$309,557,620.31  
Net balance in the general fund, Apr. 5, 1917..... 92,317,710.27  
Net increase in balance in general fund..... 217,239,910.04

Net debt increase for war period..... 23,445,469,190.43

Mr. SIMS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

Mr. WALSH. Upon what subject?

Mr. SIMS. I desire to print some remarks in the RECORD with reference to economic railroad financing and operation.

Mr. WALSH. And incidentally involving the Plumb plan?

Mr. SIMS. Oh, no; not at all. I never would expect unanimous consent for a thing of that sort.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BROWNE].

Mr. BROWNE. Mr. Chairman, the boldest and most flagrant case of profiteering in food products has been in regard to sugar. Sugar is one of the necessities of life. The United States is the largest sugar consumer in the world, the consumption, according to the report of the Committee on Agriculture, amounting for the year 1919 to 92 pounds per individual. Based upon these figures, the amount required for domestic consumption is 4,520,000 long tons. The sugar profiteer has taxed the American public at least 10 cents per pound and, taking 92 pounds per capita, it would be a tax of \$9.20 on every man, woman, and child of our 110,000,000 inhabitants, or, in other words, the sugar profiteer has robbed the American people of over one thousand million dollars—\$1,012,000,000.

## RESPONSIBILITY.

The above facts can not be controverted. The question is, Who is responsible, the Congress of the United States or the Democratic administration in administering the laws that Congress has passed? Both the Congress and the administration are charging each other with this responsibility, and the American people, who are groaning under this tremendous tax, which on one article alone is adding between \$40 and \$60 tax per year on every American family, are going to ascertain who is responsible and visit just punishment upon the responsible party.

## ADEQUATE LAWS PASSED BY CONGRESS.

War was declared April 6, 1917. There was a great shortage of food in Europe. The Allies begged the United States to supply them with sugar, wheat, fats, and so forth. August 10, 1917, Congress passed what is known as the food-control act. Under this act the President had absolute control of the manufacture, sale, distribution, and fixing the price of sugar. Under this act the President was authorized by Congress to—and did—organize under the laws of New Jersey a corporation, the stock of which corporation was subscribed for in the name of the President of the United States, and \$5,000,000 was appropriated by Congress and placed in the President's hands as cash capital. The President appointed eight directors of this corporation, called the Sugar Equalization Board. This board had from its appointment the right, and exercised that right, to fix the price of sugar, license sugar dealers, and go into the market and buy sugar. The names of the members of the Sugar Equalization Board appointed by President Wilson are:

Directors: Herbert Hoover, chairman of the board; George A. Zabriskie, president; Clarence M. Wooley; Elias A. De Lima; Theo. F. Whitmarsh, vice president; Edgar Ricard; William A. Glasgow, jr., general counsel; and F. W. Taussig.

In the year 1917 the Sugar Equalization Board, under control of the President, bought the entire Cuban crop of sugar. It had an arrangement with our allies that it would resell one-third of the Cuban crop to them. This agreement was carried out. The Sugar Equalization Board entered the Cuban market and purchased the entire Cuban sugar crop at 5.5 cents a pound for unrefined sugar or \$5.50 per hundred pounds.

Agreement was made with the refiners that they should refine sugar at \$1.54 per 100 pounds. The duty was \$1 per 100 pounds for Cuban sugar. The freight was approximately 38½ cents per 100 pounds. Thirty-eight cents per 100 pounds was

retained by the board to defray the cost of administering the law. Agreement was made with the refiners that they would sell the refined granulated sugar at 9 cents per pound. The Sugar Equalization Board allowed the brokers one-fourth of 1 cent per pound for handling the sugar and the retailers 1 cent per pound. This brought the price of the refined sugar to the consumer at practically 10 cents per pound throughout the country. Thus the law passed by Congress worked well, and there was no profiteering in sugar up to November, 1919.

## CHANGE IN POLICY.

In January, 1920, for some reason unknown and never yet explained, the Sugar Equalization Board canceled its former order fixing its price of sugar to the consumer at 10 cents per pound.

It removed the charge that the brokers might exact from the retailers and the retailers from the public. The same law under which the Sugar Equalization Board purchased the Cuban sugar crop of 1918 at 5½ cents per pound was still on the statute books. This law has never been repealed. Under the terms of the law the President, as I previously stated, is given authority to license the importation, manufacture, storage, or distribution and fix the price of sugar. This law was to remain in force under its terms until the President himself proclaimed that the existing state of war between the United States and Germany had terminated. The act was continued by this Congress until December 31, 1920, so that if peace was consummated at any time the law would still be in force until the close of the present year 1920.

The Department of Justice, by Attorney General Palmer, has repeatedly made the statement that the laws have not been adequate. Notwithstanding this statement, the existing laws were sufficient for the Sugar Equalization Board to purchase the Cuban sugar crop of 1918 and fix the price of sugar in the United States to the consumer at 10 cents per pound for the years 1918 and part of 1919. Under the existing laws Attorney General Palmer has recently set the margin of profit allowed on sugar sales at 1 cent a pound for the wholesaler and 2 cents a pound for the retailer. How does the Attorney General reconcile this action and the action of the Sugar Equalization Board in purchasing the Cuban sugar crop of 1918 and fixing the price of sugar in the United States with the statement that the laws are not sufficient? At no time has the President or the Department of Justice, officially or otherwise, requested Congress to give them any more powers than the law already gave them, which were ample.

## THE ADMINISTRATION AT FAULT.

November 8, 1919, Attorney General Palmer sent the following telegram to Mooney, United States attorney:

MOONEY, NOVEMBER 8, 1919.  
United States Attorney, New Orleans, La.:

Your wire of the 8th (Nov., 1919) detailing results of conference. Consider agreed price rather high, but hereby concur in maximum fixed price of 17 cents for Louisiana plantation clarified, 18 cents for Louisiana clear granulated, understanding that all contracts for a higher figure to be abrogated. Further suggest if possible you secure an agreement in writing by authorized committee of Louisiana producers and refiners, to be used as prima facie evidence where prices are charged in excess of agreement. You are hereby instructed to immediately prosecute any violator of this agreed price.

PALMER.

This telegram fixed the price of Louisiana plantation sugar at 17 cents and Louisiana clear granulated at 18 cents per pound, which was an important factor in jumping up sugar all over the United States and also in Cuba. November 8, 1919, when Attorney General Palmer allowed the Louisiana sugar speculators to charge 17 and 18 cents for their sugar at the plantation, sugar was selling in the United States at 11 and 12 cents per pound at retail.

In connection with Attorney General Palmer's telegram fixing the price of sugar at 17 and 18 cents on November 8, 1919, attention is called to the minority report of Senator RANDELL,



of the State of Louisiana, in which report the Senator opposes the continuation of the Sugar Equalization Board in the following language:

The present sugar scarcity is only temporary; will be relieved as soon as the present longshoremen's strike is settled and the domestic sugar crops reach the market, and I am of the opinion that even without the purchase of the Cuban crop there would not be such a scarcity of sugar in this country as is anticipated by the majority members of this committee. The purchasing power of the European countries is limited and the greater portion of the Cuban crop will be bought and refined in this country through the natural avenues of trade and industry. In support of this view, I beg to annex herewith the memorandum submitted by Dr. Taussig to the President August 14, 1919, in which he dissented from the views of a majority of the United States Sugar Equalization Board.

It is further interesting to read the statement of Prof. Taussig, of Yale University, a Democrat and free trader, to whose opinion President Wilson gave more weight than he did to the other seven members of the sugar equalization board.

I regret not to be able to reach the same conclusion as the other members of the Sugar Equalization Board. I believe that no negotiation should be entered into with the Cuban producers and that the regulation and restriction of sugar prices should cease with the close of the present arrangement, December 31.

It will be noted that Prof. Taussig does not claim that the existing laws are not sufficient.

Sugar at that time was selling in the United States at retail from 10 to 12 cents per pound. The Cuban crop of sugar was offered and could have been purchased by the Sugar Equalization Board for 6½ cents per pound, so that the consumer could have had all the sugar desired at from 10 to 12 cents per pound for the remainder of 1919 and all of 1920. To-day the consumer is paying from 22 to 30 cents per pound, with a possibility of its going higher, and the purchaser only allowed to purchase one pound at a time.

I herewith give the following news item clipped from a Washington paper:

CHICAGO, May 20, 1920.

Fifty-one freight cars loaded with 3,060,000 pounds of sugar are being sought in railroad yards here by Federal agents. It is said the sugar has been on side tracks for two weeks. Sugar is being sold at 31 cents a pound retail here.

Prof. Taussig's theory, which was accepted by Prof. Wilson, our President, has cost the people of the United States over one thousand million dollars. This enormous and unearned profit goes into the pockets of a very few speculators who control the sugar market. If this enormous profit was divided equally among 100 of the profiteers, each would make a profit of over \$10,000,000.

#### EFFECT OF PALMER'S ACTION IN FIXING PRICE OF LOUISIANA SUGAR.

George A. Zabriskie, head of the Sugar Equalization Board, stated to the New York Globe December 24, 1919, as follows:

The sugar situation is now hopeless, for the reason that it has gotten into politics, and the sooner it gets out the better. The ridiculous price of 17 cents wholesale for the raw sugar now charged by the Louisiana planters is an outrage. I can not say that Attorney General Palmer fixed the price, but it was known in Louisiana that he would stand for it. It was known furthermore that he approved it. It was this folly that inspired the Cubans to make their gouge. When they saw American sugar planters getting away with 17 cents, they decided it was perfectly legitimate for them to get some of the plunder, and to-day the people are paying the price for the Attorney General's mistake. Had the Sugar Equalization Board been permitted to exercise its own judgment, instead of the country facing a famine, as it now does, we would have had the largest crop of sugar in history at 6½ cents per pound.

COULD HAVE BOUGHT CUBAN SUGAR CROP OF 1919 AT 6½ CENTS A POUND.

July 29, 1919, George A. Zabriskie, president of the Sugar Equalization Board, received the following letter from the accredited representatives of the Cuban sugar growers of Cuba, R. B. Hawley and Manuel Rionda:

GEORGE A. ZABRISKIE,  
President Equalization Board,  
112 Wall Street, New York City.

DEAR SIR: In pursuance of the informal discussions conducted between subscribers, speaking by authority for the Cuban Government, the members of the Equalization Board, as the purchasers and distributors of Cuba's sugar crop for the existing year, we deem it expedient to submit for your information, and, as far as you may determine, for your action in continuing the control and disposition of Cuba's crop of sugar for the ensuing year, 1920.

In presenting our suggestions, while acting directly for the Cuban sugar producer, we accept the grave responsibility of speaking scarcely less for the American consumer and for that vast army of foreign consumers whose needs are of such concern to the American Government.

Fortunately for every interest involved, the great bulk of sugar required by importing countries is provided by the Island of Cuba, but she takes no note of this "coin of vantage"; on the other hand, the Island Republic, its hacendados and farmers and manufacturers of sugar, tender, through its own Government, providing it meets with the consent and cooperation of the American Government, the entire wealth of her production under such terms as may be agreed upon by the contracting parties at a price moderate but compensating to the producer and well within the economic reach of the consumer.

This is the fundamental basis upon which our tender is made. If accepted through the continued life and active participation of your respected board, or similar body, the whole question would be greatly

simplified. If, on the contrary, the opportunity to serve not the American people alone but the universal welfare, if for any reason, technical or otherwise, not availed of through one medium or another, there is not a community anywhere in America, Europe, or Asia that will not feel the consequence of our failure to provide a stable price for this most necessary article of human consumption. Cuba approaches this question with full recognition of her relations to the American people and their Government and in the spirit of comity and desire for a complete understanding.

We await with unflinching interest your reply, the subject of which we are assured is to you, as it is to us, the most momentous in the world's economy of to-day.

With assurances of great respect,  
Faithfully, yours,

MANUEL RIONDA.

LETTER OF CUBAN SUGAR GROWERS SENT TO THE PRESIDENT.

The Sugar Equalization Board on the 14th of August, 1919, transmitted the above letter to the President with a statement that seven out of the eight members of the Sugar Equalization Board advised the President of the propriety and advisability of buying the Cuban sugar crop.

The Cuban sugar crop could have been purchased at that time for 6½ cents per pound. The only member of the Sugar Equalization Board that did not urge the President to again order them to purchase the Cuban sugar crop was Dr. Taussig, professor in Yale University. Not hearing from the President upon this important matter, the President having his mind fully taken up with other matters he thought more important, September 20, 1919, George A. Zabriskie, president of the Sugar Equalization Board, and one of the greatest authorities upon sugar in the United States, again called the attention of the President to the great importance of acting at once in purchasing the Cuban sugar crop. The President of the United States all of this time was the sole stockholder in a corporation and had a \$5,000,000 fund appropriated by Congress in his hands, besides a contingent fund of \$100,000,000.

SECOND LETTER TO THE PRESIDENT URGING THE PURCHASE OF THE CUBAN SUGAR CROP.

SEPTEMBER 20, 1917.

THE PRESIDENT OF THE UNITED STATES,

Washington, D. C.

MY DEAR MR. PRESIDENT: Referring now to my letter to you of the 14th of August, inclosing the report from the board of directors of the United States Sugar Equalization Board (Inc.), and also referring to you a letter from the representatives of the Cuban Government and producers of sugar. In reference to the Cuban sugar crop of raw sugars for the year 1919 and 1920, I desire to respectfully bring to your attention the fact that the time is fast approaching, if it has not arrived, when we will be unable to control the Cuban crop of sugar for the year 1919 and 1920 unless action is taken at once. I am informed that a considerable tonnage of Cuban sugars of the crop of 1919-20 has already been sold, and it seems entirely probable that the representatives of the Cuban sugar will withdraw their proposition unless some action is taken at once.

May I therefore respectfully ask an early determination of the policy which the United States Sugar Equalization Board (Inc.) is to pursue with reference to the matter referred to in my letter of the 14th day of August? I know the pressure you are under, and nothing but imperative necessity could make me add this matter to your burdens.

Very respectfully,

GEORGE A. ZABRISKIE,  
President.

This letter was received by the President and acknowledged by his executive secretary, Rudolph Forster, in the following letter:

THE WHITE HOUSE,  
Washington, September 22, 1919.

MY DEAR SIR: Allow me to acknowledge receipt of your letter of September 20, and to say that I shall bring it to the attention of the President at the first favorable opportunity.

Sincerely, yours,

RUDOLPH FORSTER,  
Executive Secretary.

MR. GEORGE A. ZABRISKIE,  
President of Sugar Equalization Board,  
112 Wall Street, New York City.

At this time during September when the Sugar Equalization Board were urging the President to purchase the Cuban sugar crop before it was too late and their letters were being acknowledged by the President's executive secretary, President Wilson was going about the country abusing the United States Senate for not ratifying the League of Nations covenant without the dotting of an i and the crossing of a t.

The President, at Billings, Mont., September 11, 1919, and other places in the month of September, referred to the United States Senate as "a little group of men who looked at it with the jaundiced eyes of those who have some private purpose of their own." Fifty-six United States Senators out of the 96, representing 40 sovereign States, were characterized by the President as "contemptible quitters," and they were told to "put up or shut up," because these Senators, under their constitutional prerogatives, insisted upon American rights and that the United States should have equal representation in the League of Nations with Great Britain.

THE PROFITEER BUSY.

The sugar profiteer was busy. While the President was singing the old song of sanctimonious self-righteousness, that "the

League of Nations was the hope of the world—that the league was the dearest desire of little free peoples” and his various platitudes, the sugar profiteers were busy buying up the sugar crop of Cuba at 6½ cents a pound, to later sell to the American people at from 20 to 30 cents per pound, thus reaping a harvest of over \$1,000,000,000 in a single year.

#### TOTAL SUGAR PRODUCTION.

The total sugar production in the world is about 17,000,000 tons. Cuba produces 4,500,000 tons and only consumes one-thirtieth of what she raises. She has four and one-third million tons to sell to other countries.

The United States and her possessions—Porto Rico, Hawaii, and the Philippine Islands—produce nearly 2,000,000 tons, leaving about 3,000,000 tons for the United States to buy outside of her own possessions.

#### RESPONSIBILITY OF HIGH COST OF SUGAR.

The President of the United States should have purchased the Cuban sugar crop for the year 1919 at 6½ cents per pound. Cuba had four and one-third million pounds of sugar to sell. Those who had authority to sell the Cuban sugar crop repeatedly notified the Sugar Equalization Board, who, under direction of President Wilson, had bought their crop in 1918, and urged them to buy it, and waited for their acceptance for several months. When Attorney General Palmer fixed the price of sugar at 17 and 18 cents per pound to the Louisiana sugar growers, November 8, 1919, they could not hold open the offer longer. The President of the United States was duly informed of Cuba's offer by his appointees—the president of the Sugar Equalization Board, Mr. Zabriskie, and Herbert Hoover, authorities on the subject of sugar—and was duly advised by seven out of eight members of the Sugar Equalization Board to purchase the crop at 6½ cents per pound. Cuba is only 80 miles from the United States. If the President had taken the advice of the Sugar Equalization Board, who wrote him two letters upon the subject, it would have saved the American consumer over \$1,000,000,000 for the year 1920 in the cost of living.

Another factor in the high price of sugar, as shown by undisputed proof, is the fixing of the Louisiana sugar at 17 and 18 cents per pound by Attorney General Palmer, as shown by Palmer's dispatch to United States Attorney Mooney at New Orleans, La., November 8, 1919, which I have set out in full. The responsibility, therefore, of the American people being gouged by the profiteer out of over one thousand million dollars in a single year rests upon the President of the United States and the Department of Justice. A dozen or so men in the United States, by reason of President Wilson's failure to act and Attorney General Palmer's unlawfully fixing the price of Louisiana sugar at 17 and 18 cents per pound, have made in unlawful profits over one thousand million dollars, or close to \$100,000,000 apiece.

If the Government of the United States, in its need for revenue to maintain itself and meet the extravagant expenditure of the war, had dared to put a consumption tax of 2 cents per pound on a recognized necessity like sugar, it would have been condemned and the administration perpetrating the outrage would have been defeated at the first election. President Wilson has made it possible for the black-flag sugar profiteers to levy a tax, not of 2 cents, but of over 10 cents, on each pound of sugar consumed, a tax in the aggregate amounting to over \$1,000,000,000 on the people of the United States. Those who can will shift this burden on the man on the round of the ladder below. The salaried man and the toiling masses will be obliged to carry many times their proportionate share of this unjust, unnecessary, and outrageous burden.

#### BEET SUGAR INDUSTRY SHOULD BE ENCOURAGED.

The present sugar situation in the United States illustrates most forcibly the importance of the United States producing its own sugar. The Agricultural Department informs us that the sugar-beet industry is exceptionally profitable in at least eight States.

If the sugar-beet industry was encouraged and a fairly large acreage of sugar beets grown in these eight States, together with our cane-sugar industry, the United States could produce within its limits a sufficient quantity of sugar to meet the requirements of its own people and also export sugar. Under the encouragement of protection of the beet-sugar industry sugar was being produced in large quantities throughout the United States.

In 1912 and until the passage of the Underwood bill we had five large sugar-beet factories in Wisconsin and the building of many more contemplated in the very near future. When the tariff was removed from sugar by the Underwood tariff bill, passed by a Democratic Congress, four out of five of the beet-

sugar factories in Wisconsin closed down and did not open until the war which made a sugar scarcity limiting the importation of sugar to the United States.

Napoleon encouraged the beet-sugar industry in France by protecting that industry, and thus made France not only independent of other countries in regard to the production of sugar but she also became an exporter of sugar.

Bismarck, another wise statesman, stated that no country was independent until it produced all the great necessities of life that its people required; that sugar was one of the great necessities, and the sugar industry should be encouraged. He therefore encouraged the raising of sugar beets and the production of sugar beets by a policy of protective tariff and subsidy until Germany produced all the sugar required by her people, and in addition became an exporter of sugar. If Germany had not produced its own sugar, it could not have maintained the war six months.

If the next national administration is Republican, the way I believe it will be, sugar will be protected. The great sugar-beet industry will be encouraged and the United States will soon be independent of the rest of the world for its supply of that great staple and necessity—sugar.

#### PROFITEERING IN WASHINGTON.

The Corby Baking Co., of the city of Washington, in the year 1919 made profits amounting to \$191,392 on bread, as compared with \$180,049.58 in 1918.

Notwithstanding the increase in profits, Mr. Corby and the other baking companies have increased the price of bread. They justified this increase by stating that the fair-price committee, appointed by Mr. Howard Figg, of the Department of Justice, authorized the increase in the price of bread. It is easy to understand why this committee allowed the increase when we learn the names of the persons who compose this fair-price committee of the District of Columbia. The persons who compose the fair-price committee of the District of Columbia are: Leon Ulman, connected with Holmes & Sons, bakers; Joseph Berberich, a shoe dealer; R. P. Andrews, a paper dealer; W. G. Carter, of Golden & Co., commission merchants; Philip King, department store; John F. Wilkins, wholesale grocer; Mr. Nordlinger, ladies' furnishings; and Mr. Leese, an optician.

We find the names of no disinterested persons who compose the fair-price committee of the District of Columbia, unless it is the optician, but men interested in the baking business, retail shoe business, paper business, commission and wholesale grocery business, and department store.

These men were appointed by the Department of Justice, and by the same Mr. Figg of the Department of Justice who has been prosecuting the sugar profiteers so hard that sugar is now selling at 30 cents a pound.

The city of Washington has been a rich field for the profiteer. There has been no closed season, no one to protect the soldier boy, the Army nurse, and young girl war workers even during the war. The hunting season was open 12 months in the year and 24 hours in the day, with no restrictions.

No city in the United States afforded such opportunities for profiteering as the city of Washington, whose profiteers made the most of their opportunities. This saturnalia of profiteering took place within the shadow of the White House and the Department of Justice and in plain view of the fair-price committee appointed by the Department of Justice. The 100,000 employees of the Government who were called to work here during the war have left most of their earnings with the Washington merchants, room renters, and other profiteers. The laws on the statute books have been sufficient to protect the war workers from such outrageous exploitation. It was the imperative duty of the officials in authority to have seen that the public, especially the Government employees, were not fleeced of their earnings. From the facts revealed in the Senate examination of the bakery companies and the personnel of the fair-price committee we cease to wonder. In a letter to me from the fair-price committee E. D. Atkinson, executive secretary, dated December 20, 1919, writing from the Department of Justice, Washington, D. C., states the object of the creation of the fair-price committee as follows:

This committee, as well as similar committees throughout the country, has been organized under the Department of Justice as a means of carrying out the provisions of the amendment to the Lever Act. Its function is to establish fair prices of foodstuffs and wearing apparel in the District of Columbia, and to take such further action as may be necessary to prevent hoarding, waste, manipulation, and profiteering in commodities coming within the classes indicated.

The record I have given shows how far the fair-price committee has fallen short of fulfilling the duties for which it was created.



## OTHER PROFITEERS—WAR PROFITS EQUAL TO CAPITAL STOCK.

Senator CAPPER, of Kansas, in his speech before the Senate, startled the people by making the statement that during the war the American people paid for the coal mines, steel mills, textile factories, and so forth, by paying these concerns in excessive profits more than their entire net worth. The Senator in this same speech also said that those in authority, meaning the Department of Justice, should either prosecute these profiteers and make them disgorge their unlawful profits or resign; that they should not be allowed to prey upon the public any longer. From many sources came the reply that the statement was only a general one and that these concerns were not guilty of profiteering.

The report of the Treasury Department, Senate Document No. 259, shows that the statement of Senator CAPPER is literally true. The first 360 pages of the Treasury report deals with small corporations; from page 361 to page 388 you will find the desired information.

## COAL.

Coal is a basic necessity. When the price of coal is raised everybody pays not only the price but in the process of shifting it five or six times the amount of the raise.

Secretary McAdoo's statement during the coal strike, that the profits of the coal operators ranged as high as 2,000 per cent, and that profits as high as 100 per cent on capital stock were not uncommon, is borne out by this report. The Treasury Department report shows that 185 out of the 404 coal companies reported upon earned profits on their capital stock of from 100 per cent to 7,856 per cent for the year 1917. In other words, nearly one-half of the coal mines paid profits equal to their entire capital stock and one of the mines paid profits equal to seventy-eight times its capitalization. It should also be noted that practically all of the coal mines were very much overcapitalized, as will be observed by the market value on their capital stock before this time.

## APPLY THIS TO THE FARMER.

If a farmer's net yearly profits amounted to as much as the value of his farm and in some cases his yearly profits were so high that he could buy 78 farms like the one he owned, he would be on the same footing as the coal operator mentioned above.

## STEEL.

The United States Steel Corporation, with a capital stock of \$868,583,600, in the year 1917 received a net income of \$478,204,342. These figures are taken from their own report.

## PACKERS.

The Treasury Department report shows that out of 122 meat packers, 30, or one out of every four, made more than 100 per cent profit on their capital stock.

## WOOLEN AND WORSTED MILLS.

The Treasury reports show that out of 45 woolen and worsted mills 1 earned 1,770 per cent on its capital stock. In other words, a person having \$100 worth of stock was able to draw \$1,770 profit in a single year. Out of the returns of 45 woolen and worsted mills 17 reported profits of more than 100 per cent on their capital stock. Does not one wonder in the face of these figures why woolen clothing has become such a luxury that only wealthy people can afford to wear woolen clothing.

## COST OF BUILDING.

We have heard a great deal about the high cost of building. The large contractors and builders have attributed this cost of building to the high cost of wages paid labor. The Treasury report shows that out of 809 large contracting and construction companies, 154, or more than 15 per cent, earned profits of over 100 per cent on their capital stock, and one earned nearly fourteen times its total capital in a single year.

## FLOUR MILLS.

The Treasury report shows that out of 506 flour mills 84 report net profits of over 100 per cent on their capital stock.

## BAKERY COMPANIES.

The bread and bakery companies, out of 217, made reports that 34, or one-seventh, made more than 100 per cent on their capital stock, and two-thirds made more than a profit of 20 per cent on their invested capital. Notwithstanding this unconscionable profiteering on the necessities of life, the evidence of such profiteering within hands distance of the Department of Justice, none of these large profiteers has been prosecuted.

The Lever Act, drafted by the Department of Justice itself, as a war measure to check profiteering, was passed by Congress and approved by the President August 10, 1917, and has been on our statute books during this saturnalia of profiteering.

The President under this law has had the power at all times to encourage production, conserve the supply, and control the distribution of food products and fuel, to license dealers and fix the price of all products and materials. The President exercised that right in regard to the farmers' wheat and also in regard to the farmers' wool. The President failed to fix the price in regard to cotton, steel, and other necessities. The laws passed by Congress were ample in every way. They are on our statute books to-day. It is therefore clear that Congress has done all within its power to curb profiteering. The only reason that profiteering has gone on and the cost of living has increased to such a degree that it has almost produced a panic in the United States is that the laws on our statute books have not been enforced. The Executive department of our Government, whose duty it is to enforce the law, and the Department of Justice, always at the command of the Executive department, with its thousands of assistants, have utterly failed in their duty in prosecuting those who are most responsible for the high cost of living.

Mr. GREEN of Iowa. Mr. Chairman, I yield now to my colleague, Mr. GOOD.

Mr. GOOD. Mr. Chairman, the Bureau of Efficiency has prepared for me a statement giving a summary of the acts of Congress making provisions with regard to soldiers of the late war. That statement is very illuminating and instructive, dealing, as it does, with several bills, and I ask unanimous consent to extend my remarks in the record by inserting it in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to is as follows:

## APPROPRIATIONS AND OTHER RELIEF MEASURES PROVIDED BY CONGRESS FOR THE MILITARY AND NAVAL FORCES ENGAGED IN THE WORLD WAR.

## WAR-RISK INSURANCE.

This act, approved October 6, 1917, as amended, provided three classes of relief for the military and naval forces.

## 1. Military and naval family allowances.

A sum not to exceed \$50 a month was made payable and apportioned to members of families or other dependents of enlisted men conditioned on the compulsory monthly allotment of \$15 of the enlisted man's pay for members of his immediate family and the voluntary monthly allotment of a certain portion of his pay in cases of other dependents. This allowance was payable from the date of enlistment, but not before November 1, 1917, until death in, or one month after honorable discharge from, the service but not for more than four months after the close of the war.

Total appropriations, including 1921 estimates, for this purpose are \$298,615,000.

## 2. Compensation.

Compensation for death or disability was provided for commissioned officers, enlisted men, and members of the Army and Navy Nurse Corps (female), as follows:

(a) In case of death resulting from injury or disease, a monthly compensation of not to exceed \$75 was granted and apportioned to members of the immediate family of the deceased, including dependent father and mother.

(b) Compensation in case of death resulting from injury is payable to widow until she remarries; to children until they reach the age of 18 years, or marry, unless they are incapable because of idiocy, insanity, or otherwise helpless, in which case compensation is payable during such incapacity; to dependent father or mother during dependency.

(c) A sum of not to exceed \$100 was provided for burial expenses and return of body to his home where death occurred subsequent to April 6, 1917, and before resignation or discharge from the service.

(d) In case of total, temporary disability, resulting from injury, a monthly compensation of not to exceed \$80 was granted to the injured person, if single, or of not to exceed \$100 if he has a family, except that a man with no wife but one child was allowed \$5 additional for each child after the first, regardless of the number, and if there is a dependent father or mother, or both, an additional sum of \$10 for each was granted. The award for a person with a family is dependent on number of persons in the family.

(e) While disability is partial and temporary, monthly compensation is to be a percentage of that payable for total, temporary disability equal to the degree of reduction in earning capacity, providing such reduction is not less than 10 per cent.

(f) While disability is total and permanent (this group to include persons who have lost both feet or both hands, or the sight of both eyes, or one foot and one hand, or one foot and the sight of one eye, or one hand and the sight of one eye, or who have become helpless and permanently bedridden) the monthly compensation of \$100.

(g) For double, total, permanent disability, the monthly compensation is \$200.

(h) While the disability is rated as partial and permanent the monthly compensation is a percentage of that payable for total and permanent disability, equal to the degree of reduction in earning capacity, providing such reduction is not less than 10 per cent.

(i) A schedule of ratings of reductions in earning capacity from specific injuries of a permanent nature is to be applied by the bureau. Ratings may be as high as 100 per cent, and are based upon the average impairment of earning capacity resulting from such injuries in civil occupations and not upon impairment in individual cases, so that there shall be no reduction in the rate of compensation for individual success in overcoming the handicap of a permanent injury.

(j) If injured person is so disabled as to require a nurse or attendant, an additional sum of not to exceed \$20 a month was allowed.

(k) In addition to the above compensation, the injured person may receive reasonable governmental medical, surgical, and hospital services, and such supplies and appliances as wheeled chairs, artificial limbs, etc., as are determined to be useful and necessary.

(1) Injured persons may also be allowed reasonable traveling and other expenses when submitting to required medical examinations. Total appropriations for compensation, including estimates for 1921, are \$345,015,000.

#### 3. Insurance.

Additional protection for commissioned officers, enlisted men, and members of the Army and Navy Nurse Corps (female) was provided in the form of insurance to be granted, upon proper application, in case of death or total permanent disability.

(a) Insurance to be granted in multiples of \$500 for an amount not less than \$1,000 or more than \$10,000 upon payment of premiums prescribed.

(b) Insurance to be term insurance for successive terms of one year each during the period of the war.

(c) Provisions for maturity at certain ages, continuous installments during life of the insured or beneficiaries, or both, for cash loan, paid-up and extended values, dividends for gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as might be found reasonable and practical were authorized. All calculations to be based upon the American Experience Table of Mortality, with interest at 3½ per cent per annum.

(d) At any time within five years after the close of the war insurance may be converted into ordinary life, 20-payment endowment maturing at the age of 62, or other usual forms of insurance.

(e) Yearly renewable term insurance is payable in 240 equal monthly installments. Where the insured has applied for converted insurance, the Bureau of War Risk Insurance is authorized to make provision for optional settlements, the option to be elected by the insured, whereby such converted insurance may be paid either in one sum or in monthly installments covering a period of three years or more. If the insured under converted insurance has failed to select a form of optional settlement, the bureau is authorized to provide for an election by the beneficiary to receive payment of the insurance in monthly installments covering a period of three years or more. Even though the insured has exercised the right of election of the form of settlement of converted insurance, the bureau is authorized to provide that the beneficiary may elect to receive the insurance in installments spread over a greater period of time than that selected by the insured.

(f) Automatic insurance is provided in cases where a person in the active service on or after the 6th day of April, 1917, and before the 11th day of November, 1918, and while in such service and before the expiration of the time during which he could make an application for insurance has become totally and permanently disabled or has died without having applied for insurance, and also in cases where a person was inducted into the service by a local draft board after the 6th day of April, 1917, and before the 11th day of November, 1918, who while in such service and before being accepted and enrolled for active service has become totally and permanently disabled or has died without having applied for insurance. In these cases the person is deemed to have applied for and to have been granted insurance payable to himself during his life in monthly installments of \$25 each, or in case of his death to his widow, child or children, mother, or father, in the order named, if and while they survive him.

(g) The United States to bear the expense of administration and the excess mortality and disability cost resulting from the hazards of war.

(h) The premium rates are net rates based upon the American Experience Tables of Mortality and interest at 3½ per cent per annum.

(i) Payments of premiums in advance are not required for periods of more than one month each, and may be deducted from pay or deposit of insured, or otherwise made as insured may elect.

Total appropriation for the above purpose was \$23,000,000.

[NOTE.—A regulation has recently been promulgated by the Secretary of the Treasury, whereby any insurance policy which has lapsed may be reinstated before July 1, 1920, upon the payment of only two monthly premiums.]

#### 4. Miscellaneous provisions.

(a) Benefits provided under this act are not assignable except within the specified class of beneficiaries in cases of converted insurance, are not subject to claims of creditors, and are exempt from taxation.

(b) In case of suits brought in United States district courts by claimants under the act, the amount of the attorney's fees are restricted to not more than 5 per cent of the amount recovered, and the method of payment is prescribed so as not to work a hardship on the beneficiary.

5. Appropriations for expenses of the bureau, including estimates for 1921 are \$40,525,106, making the total amount necessary to carry out the provisions of this act \$707,155,706.

[NOTE.—There is now pending before Congress a measure which provides for the establishment of 14 regional offices and such suboffices as are deemed necessary for the purpose of bringing all matters pertaining to allowances and allotments, compensation, and war-risk insurance to the attention of service men, and also provides for advertising in newspapers, magazines, and periodicals such information about the work of the War Risk Insurance Bureau as will be of interest to service men. The intention is to acquaint them with the benefits and privileges in connection with war-risk insurance. For the above purpose an appropriation of \$1,250,000 is requested, which would bring the total appropriation of the War Risk Insurance Bureau to \$708,405,706.]

#### VOCATIONAL REHABILITATION.

The vocational rehabilitation act approved June 27, 1918, as amended, charged the Federal Board for Vocational Education with the duty of furnishing without charge instruction to all disabled persons in the military and naval forces engaged in the war with Germany who had resigned or been honorably discharged. For this purpose the existing educational facilities of the country were utilized by the board.

Training under this act is separated into two classes:

1. Every person who served in the military and naval forces and who had resigned or been honorably discharged since April 7, 1917, having a disability incurred, increased, or aggravated while a member of such forces, or who later developed a disability traceable to service therein, may receive vocational training provided it is found to be necessary to overcome the handicap of his disability.

(a) This provision was intended to include those persons who were suffering from disabilities which had resulted in vocational handicaps, and is designed to fit the disabled person for new employment, his disability having prevented him from returning to his former occupation.

(b) During such period of training he shall receive support of not to exceed \$80 a month, if single and without dependents, or of not to exceed \$100 a month if he has dependents. This amount to be plus the several sums provided as family allowances for enlisted men,

under article 2 of the war-risk insurance act, and is in lieu of any compensation to which he may be entitled under article 3 of the same act, unless the compensation to which he is entitled under article 3 is in excess of the amount paid by the board for support, in which event the Bureau of War Risk Insurance shall pay monthly the additional amount necessary to equal the total compensation due under article 3. (A bill is now pending in Congress to increase this monthly support from \$80 to \$100 to \$100 and \$120, respectively.)

2. Courses of free vocational training are made available for all other members of the military and naval forces who have resigned or been honorably discharged, and who are not included in the first group, but who are entitled to compensation under article 3 of the war-risk insurance act.

(a) This provision was intended to furnish training in the nature of job-improvement instruction, and is designed for men of minor disabilities who are not prevented by their injuries from returning to gainful occupations.

(b) Such persons are not entitled to support other than the compensation above referred to, but may be furnished tuition, books, and supplies free of charge.

3. In addition to the above provisions for training the duties of the board extend to placing rehabilitated persons in suitable and gainful occupations and the services of all national and State placement agencies are utilized for that purpose.

4. Persons who have taken courses in vocational training may also be granted:

(a) Such supplies, equipment, and clothing as are required for their employment when ready for employment; and

(b) Traveling expenses to places of employment.

5. The board also acts in an advisory capacity to the War and Navy Department wherever training during convalescence is undertaken as a therapeutic measure and similarly the War and Navy Departments act in an advisory capacity to the board in the care of the health of the soldier or sailor after his discharge.

Total appropriations, including estimates for 1921, for vocational rehabilitation are \$165,000,000.

#### PUBLIC HEALTH SERVICE.

The act approved March 3, 1919, directed the Secretary of the Treasury to provide additional hospital and sanatorium facilities for the care of discharged sick and disabled soldiers, sailors, and marines, and Army and Navy nurses. For this purpose he was authorized:

1. To transfer to the Treasury Department for the use of the Public Health Service certain hospitals and their equipment which had previously been under the supervision of the War Department.

2. To take over supplies from other Government departments where necessary.

3. To contract with any existing hospital or sanatorium for services.

4. To purchase or build such hospitals and sanatoriums as were necessary.

The total appropriations required to carry out the provisions of this act, including estimates for 1921, are (from statement of Representative Good, p. 5905, CONGRESSIONAL RECORD, Apr. 20, 1920):

Hospital construction	\$93,950,000
Care and maintenance of patients	57,166,187
Total	151,116,187

#### BONUS.

The act approved February 24, 1919, granted a bonus of \$60 to all persons in the military and naval forces who had since April 6, 1917, or before termination of term of service or enlistment, resigned or been honorably discharged or placed on inactive duty. The amount necessary to meet this expenditure is estimated at \$250,000,000.

Total appropriations for all of the foregoing services are \$1,274,521,893. The following relief measures have thus far required no appropriations:

#### SOLDIERS' AND SAILORS' CIVIL RELIEF ACT.

This act, approved March 8, 1918, provided for the temporary suspension of legal proceedings and transactions which might prejudice the civil rights of persons in the military and naval service during the continuation of the war.

1. In any action of proceeding commenced in any court against persons in the military service who were unable because of such service to appear, or whose rights would be affected by such service, the court was authorized to—

(a) Stay execution of any judgment or order in the case.

(b) Vacate any attachment or garnishment of property, money, or debts in the hands of another.

(c) Stay any proceedings for a period of three months where an order had been entered for eviction from property occupied by families of persons in the military service for nonpayment of rent, if such rent was not more than \$50 a month. The Secretary of War and the Secretary of the Navy were authorized to make an allotment of pay for payment of rent of quarters occupied as dwellings by dependents of persons in the service where necessary.

(d) Stay proceedings where forfeiture of property purchased under installment contracts is threatened because of failure to pay such installments falling due while in the service; or the court may order the repayment of prior installments as a condition to termination of the contract.

(e) Stay proceedings commenced for foreclosure of mortgages, trust deeds, etc., executed upon real and personal property as security for obligations in case of failure to make payments falling due while in the service.

#### 2. Insurance.

Provided against the lapse of any kind of insurance policy or policies having a total face value of not to exceed \$5,000 held by persons in the military or naval forces because of nonpayment of premiums during their period of service by authorizing the Secretary of the Treasury to deposit monthly with the insurer United States bonds in proper amounts as security for such defaulted premiums with interest until paid by the insured or until such times as other prescribed settlements were made. This authorization was conditioned on a proper application of the members of the military and naval forces holding such policies and upon the receipt of prescribed monthly data from the insurer.

However, the foregoing provision did not apply to any policy on which premiums were due and unpaid for a period of more than one year at the time of application or on which there is outstanding indebtedness equal to or greater than 50 per cent of the cash surrender value.

#### 3. Taxes and public lands.



## Provided:

(a) Against sale by tax collector of real estate owned and occupied for dwelling or business purposes by a member of the military or naval forces, or his dependents, because of nonpayment of taxes or assessments falling due during the period of service, except by order of the court. In case such sale was ordered, such person had the right to redeem the property at any time within six months after the termination of his service, but not more than six months after the close of the war.

(b) That no rights to public lands initiated or acquired under any of the land laws of the United States prior to entering military service were to be forfeited by reason of absence from such lands or other failure to meet the requirements prescribed by law.

## PREFERENCE IN CIVIL-SERVICE APPOINTMENTS.

1. The act approved March 3, 1919, provided that preference in making appointments to clerical and other positions in the executive branch of the Government in the District of Columbia and elsewhere shall be given to honorably discharged soldiers, sailors, and marines, or widows of such, and to wives of injured soldiers, sailors, and marines who themselves are not qualified but whose wives are qualified to hold such positions.

2. The act approved March 1, 1919, provides that the period of time during which soldiers, sailors, and marines who had a civil-service status prior to entering the service, or whose names appear on eligible lists, were in the service shall not be counted in determining their eligibility for reinstatement or appointment.

[NOTE.—A bill is now pending before Congress which extends the preference to be granted in civil-service appointments considerably and also charges the Board for Vocational Education with the duty of providing special training for disabled members of the military and naval forces for positions in the civil service.]

## PREFERENCE IN PUBLIC-LAND ENTRIES.

1. This act, approved September 29, 1919, provides that every person who, after discharge from the military or naval service, is furnished a course of vocational rehabilitation, and who before entering upon such course has made entry upon or application for public lands of the United States under the homestead laws, shall be entitled to leave of absence for the time necessary to pursue such course of training, and such absence shall be regarded as constructive residence; providing, however, that he must reside on the homestead claim not less than one year before patent may issue for it.

2. The act approved February 14, 1920, provided that for a period of two years all public lands which are to be opened for entry shall be open to members of the military and naval forces who served in the war with Germany and who have resigned or been honorably discharged 60 days prior to the time fixed for general opening to the public.

## LABOR FOR CONSTRUCTION OF RURAL POST ROADS.

The act to provide aid to the States in the construction of rural post roads was amended February 28, 1919, to provide that preference be given to honorably discharged soldiers, sailors, and marines in the employment of labor for road building.

Statement showing appropriations made for allowances and benefits to soldiers and sailors who participated in the World War, including appropriations in pending bills and pending estimates.

	Fiscal year 1918.	Fiscal year 1919.	Fiscal year 1920.	Fiscal year 1921.	Total.
<b>Bureau of War Risk Insurance:</b>					
Military and naval family allowances.....	\$141,000,000	\$70,000,000	\$87,615,000		\$298,615,000
Compensation for death and disability.....	12,150,000		135,000,000	\$197,865,600	345,015,600
Insurance.....	23,000,000				23,000,000
Regional offices.....				1,250,000	1,250,000
Administration expenses of bureau.....	100,000	12,808,800	17,292,306	10,324,000	40,525,106
<b>Total, Bureau of War Risk Insurance.....</b>	<b>176,250,000</b>	<b>82,808,800</b>	<b>239,907,306</b>	<b>209,439,600</b>	<b>708,405,706</b>
<b>Federal Board for Vocational Education:</b>					
Vocational rehabilitation.....		2,000,000	38,000,000	125,000,000	165,000,000
<b>Total Federal Board for Vocational Rehabilitation.....</b>		<b>2,000,000</b>	<b>38,000,000</b>	<b>125,000,000</b>	<b>165,000,000</b>
<b>Public Health Service:</b>					
Hospital construction.....			9,950,000	84,000,000	93,950,000
Care of patients.....			17,166,187	40,000,000	57,166,187
<b>Total, Public Health Service.....</b>			<b>27,116,187</b>	<b>124,000,000</b>	<b>151,116,187</b>
<b>Total.....</b>	<b>176,250,000</b>	<b>84,808,800</b>	<b>305,023,493</b>	<b>458,439,600</b>	<b>1,024,521,893</b>
Bonus allowance, act approved Feb. 4, 1919 (estimated).....					250,000,000
<b>Grand total.....</b>					<b>1,274,521,893</b>

NOTE.—The following additional benefits have been provided:

- (a) Preference in civil-service appointments. (Acts approved Mar. 1, 1919, and Mar. 3, 1919.)
- (b) Preference in public land entries. (Acts approved Sept. 29, 1919, and Feb. 14, 1920.)
- (c) Preference in employment of labor for construction of rural post roads. (Act approved Feb. 28, 1919.)
- (d) Suspension during the World War of legal proceedings involving (act approved Mar. 8, 1918):
  1. Execution of any judgment, or order, attachment or garnishment of property, money, or debts.
  2. Eviction from property for nonpayment of rent.
  3. Forfeiture of property purchased under installment contracts.
  4. Foreclosure of mortgages, trust deeds, etc., for failure to make required payments.
  5. Lapse of insurance policies because of nonpayment of premiums.
  6. Sale of property for nonpayment of taxes.
  7. Forfeiture of public lands because of absence or other failure to meet the requirements.

Mr. CANNON. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. CANNON. As time seems to be precious, I want to ask unanimous consent to print remarks in the Record on the state of the Union.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to extend his remarks in the Record on the state of the Union. Is there objection? [After a pause.] The Chair hears none.

Mr. GREEN of Iowa. Mr. Chairman, I have only five minutes remaining, and in that time I will not undertake to explain all the provisions of the bill. I hope to do this as each paragraph is reached. I will at this time undertake merely to point out what changes have been made, without in all cases undertaking to show just how those changes would affect the law. This bill is to amend and simplify the revenue act of 1918. A large number of amendments have been proposed to the revenue act of 1918, some of them far-reaching in importance, but in this bill the committee has presented only those matters which they thought would meet with no objection and which would be useful in simplifying the law and would aid the Government in obtaining more revenue. Having limited the bill in this manner, it has received the unanimous approval of all the members of the Committee on Ways and Means. The first section of the bill relates to the basis for determining gain or loss. Now, the

only change that is made by that section is in reference to cases where a gift has been received, which has subsequently been sold, and I will explain the effect of that as this provision is reached. The second section merely incorporates a Treasury regulation for the purpose of determining the basis of computing the net income in the cases of sales of stock on which there have been stock dividends. And I want all Members present to understand that it has no reference to the much-disputed question with reference to the taxation of stock dividends. This only applies in cases after a man has received a stock dividend and he sells either some of the stock dividend which he has received or some part of the original stock which he has held.

Mr. CANNON. Suppose he gives it away? Suppose the donee sells?

Mr. GREEN of Iowa. Unless the donee sells there will be no tax imposed. In case the donee sells, if there is a profit an income tax will be paid.

Mr. GRAHAM of Pennsylvania. On what?

Mr. GREEN of Iowa. On the profits.

Mr. GRAHAM of Pennsylvania. If it were a gift how would you measure the profits?

Mr. GREEN of Iowa. I will explain that very fully when that section is read; my time is precious, as I have only five minutes. Section 3 is a provision in reference to extraordinary net income. There has been a great deal of dispute as to the manner of applying the income tax in case a man re-

ceives an extraordinary amount of income in one year—for example, where a lawyer receives a fee in a case he has been working on for several years, or a man sold some property which has been gradually mounting in price during a number of years. This section applies to cases of that kind. Section 4 is so slight an amendment I will not stop on that, my time being so limited. Section 5 is a very important provision in reference to the final determination of tax claims and assessments, and it is deemed by the Treasurer to be of utmost importance. I may say that all the provisions of the bill are approved by the Treasury, and the Treasury is very desirous that they should be speedily enacted into law. This provision authorizes the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury and the consent of the taxpayer, to make final determination and accept payment on any tax claim or—

The CHAIRMAN. The time of the gentleman has expired, all time has expired, and the Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,*

BASIS FOR DETERMINING GAIN OR LOSS.

That subdivision (a) of section 202 of the revenue act of 1918 is amended to read as follows:

"(a) That for the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of property, real, personal, or mixed, the basis shall be—

Mr. GARRETT. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I listened with a great deal of interest a few moments ago to the remarks of the gentleman from Wisconsin [Mr. BROWNE], in which he entered upon a criticism of the President of the United States for not exercising an authority conferred on him by a war act in the matter of the purchase of the Cuban crop of sugar, and unavoidably my mind went back to the discussion upon the floor of the House just a few days ago when two gentlemen from Ohio urged upon the House that the real reason for the Congress interfering in the matter of undertaking to make peace was that they might repeal the war-time power acts.

Mr. GREEN of Iowa. Will the gentleman yield for me to make a statement?

Mr. GARRETT. Yes.

Mr. GREEN of Iowa. I shall not object to the line of argument in which the gentleman from Tennessee is proceeding, although it has nothing to do with the bill, but if we are to get through with this bill this evening I shall have to object to anything further at the conclusion of his remarks.

Mr. GARRETT. I am not proceeding in order, and I thank the gentleman for his courtesy in not making the point of order. It seems to me that gentlemen upon that side of the House place themselves in a very remarkable situation when continuously and repeatedly, as has been done here for months, leading gentlemen arise and criticize the President of the United States for not exercising the power which was conferred by this war act, conferred to be exercised in his discretion, and then leaders upon that side declare that the real purpose of interfering in the matter of peace is to repeal every act that conferred any sort of power upon the President of the United States. That much for that proposition.

One other thing the gentleman from Wisconsin referred to, and that is he repeated what has been stated on this floor again and again, what has been disproved again and again upon the floor and before the Judiciary Committee, namely, that the Attorney General of the United States fixed the price of Louisiana sugar. He did nothing of the sort; never undertook to do anything of the kind; never had any power to do such a thing. And the gentleman might profit by going to his own colleague on the Judiciary Committee, who have investigated this question, and find out what exactly was the Attorney General's power to act and what the Attorney General actually did.

Mr. BROWNE. Will the gentleman yield for a question? I would like to read the telegram that Attorney General Palmer sent to his assistant in Louisiana.

Mr. GARRETT. I am perfectly familiar with the telegram, and know exactly what it means. The meaning of that telegram was that under the facts the Department of Justice did not believe if the Louisiana sugar producers charged 17 cents a pound they would be subject to prosecution under the Lever Act.

Mr. MONDELL. Did not that fix the price?

Mr. GARRETT. Why, of course not.

Mr. MONDELL. Then why did the price advance to that figure?

Mr. GARRETT. The price went down. The gentleman from Wyoming is a good lawyer. Will the gentleman say that that fixed the price or that that was an effort by the Department of Justice to fix the price?

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. GARRETT] has expired.

Mr. MONDELL. Mr. Chairman, if the gentleman from Iowa [Mr. GREEN] will withhold his objection to speaking out of order for just a moment, I do not want to delay the passage of his bill, but I think one or two of the observations made by my friend the gentleman from Tennessee are entitled to attention.

The gentleman refers to Congress having interfered with the making of peace. I do not know just what the gentleman means. Under the Constitution the Senate is charged with equal responsibility with the President in the matter of making treaties. Do I understand the gentleman from Tennessee [Mr. GARRETT], good Democrat that he is, to take the position that the President alone has the authority to negotiate treaties and settle the terms of peace and that the Senate of the United States has no responsibility or authority in the matter? I am sure he would not say that. The language of the Constitution is clear, definite, explicit, and no Democrat as good a Democrat as the gentleman from Tennessee is will deny the mandates of the Constitution, I am sure.

The President insisted on being the "whole thing." He ignored the Senate absolutely in the first instance and then endeavored to coerce the Senate in the consideration of the treaty, with the result that we were compelled to take the rather unusual course of passing a resolution officially establishing a condition of peace. So much for that.

Mr. LONGWORTH. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. LONGWORTH. What power may now prevent this country being at peace? Will it be congressional or Executive power?

Mr. MONDELL. Only Executive power can now stand in the way of the establishment of a condition of peace.

Mr. BLACK. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. BLACK. The gentleman says the Executive is responsible for us not making peace. Has the Senate ever ratified any treaty and put it up to the President?

Mr. MONDELL. Has the Senate ratified the treaty?

Mr. BLACK. Yes. Have they ever ratified any treaty with Germany?

Mr. MONDELL. The President, to take the word of a Senator of the Democratic faith in that regard, has prevented the Senate from ratifying the treaty.

Mr. BLACK. Will the gentleman answer another question?

Mr. MONDELL. If I may quote a statement made in the Senate and still be in order, a very distinguished Democrat stated on the floor of the Senate that if the President would allow them to do so they would ratify the treaty with the Lodge reservations. The President declared the treaty must be ratified as he wrote it or not at all.

Mr. BLACK. Now will the gentleman permit a question?

Mr. MONDELL. Yes.

Mr. BLACK. Is it not a fact that, with the Republican Members of the Senate who voted against ratification and voted an affirmative vote on the ratification with the Lodge reservations, that vote, coupled with the Democrats and Republicans that did vote for it, would have ratified the treaty?

Mr. MONDELL. Everybody knows what the facts are. No amount of quibbling will obscure the issue in the long run. Everybody knows that if the Senate, unmindful of its duties to the American people, had been willing to do exactly what the Executive demanded of it, the Executive might have succeeded in being the autocrat he desired to be—might have successfully been an autocrat—to the infinite harm of the American people and contrary to the provisions of the Constitution of the United States. But the Senate assumed the duty the Constitution laid upon it and insisted upon having something to say with regard to the form of the treaty. The President said that unless the treaty could be ratified just as he wrote it it must not be ratified at all, and, a considerable part of the Senators of his party following him, the treaty was not ratified. And it became necessary for us, in that situation, to pass a resolution establishing peace.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. Let him get a little sugar into it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, the numbering of this section has been inadvertently omitted. I ask unanimous consent to amend line 4, page 1, by inserting before the word "that" the usual abbreviation for the word "section" and the figure "1," making it read, "Sec. 1. That subdivision (a)," and so forth.



The CHAIRMAN. The gentleman from Iowa asks unanimous consent to amend in the manner indicated. The Clerk will report the amendment.

The Clerk read as follows:

In line 4, page 1, before the word "that," insert the abbreviation for the word "section" and the figure "1."

Mr. WALSH. Mr. Chairman, we never put in section 1.

Mr. GREEN of Iowa. Then I will withdraw my amendment.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to withdraw his amendment. Is there objection? There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

(1) In the case of property acquired before March 1, 1913, the fair market price or value of such property, as of that date.

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa moves to strike out the last word.

Mr. GREEN of Iowa. I do that simply for the purpose of saying that these two paragraphs at the end of page 1 are exactly the same as the present law. There is no change.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

(2) In the case of property acquired (except by gift, bequest, devise, or descent) on or after that date, the cost thereof; or the inventory value, if the inventory is made in accordance with section 203.

Mr. GREEN of Iowa. Mr. Chairman, the only change made in this subdivision 2 is that the words in parentheses, "except by gift, bequest, devise, or descent," are inserted. Those are made necessary by the new provisions of sections 3, 4, and 5, which I will explain when we reach them.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

(3) In the case of property acquired by gift since February 28, 1913, the same basis that it would have in the hands of the donor or the last preceding owner, by whom it was not acquired by gift.

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa moves to strike out the last word.

Mr. GREEN of Iowa. This entire subdivision 3 is new. It is made necessary by an oversight in the revenue law of 1918. Property received as a gift is not classed as income. We made that provision in the law of 1918 and overlooked the fact that—

Mr. TINCHER. Mr. Chairman, I make the point of order that the gentleman from Iowa is not discussing his amendment. His amendment was to strike out the last word. [Laughter.]

The CHAIRMAN. The gentleman from Iowa will proceed in order. [Laughter.]

Mr. GREEN of Iowa. Let me inquire of my friend if he is serious about that. I think my friend will withdraw his point of order.

Mr. TINCHER. I will withdraw it.

Mr. GREEN of Iowa. We overlooked the fact that this provision exempting gifts from income tax without any further provision might lead to evasions and fraud upon the Government in this way: A man has a piece of property which has greatly enhanced in value. Now, if he sells that he will himself, of course, have to pay a tax on the profit that he has gained, but under the present law if he gives it to his wife she could sell the property without paying any income tax, and this provision is inserted for the purpose of preventing that method of evading the law. The Treasury officials inform the committee that it has become quite common where a large profit has been derived upon a block of stock for the person who has derived that profit, instead of selling the stock himself, in which case he would be obliged to pay an income tax on the profit, to turn it over to his wife or a relative, and when the donee sells it, then, under the present law, no tax is derived.

Mr. CANNON. But they pay it just as the donor would if he had sold it.

Mr. GREEN of Iowa. They stand in the donor's shoes; that is all. There must be a sale before there can be any tax on the profit.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

(4) In the case of the sale or exchange of property acquired by gift, the entire amount received therefor shall be included in the gross income of the donee, unless the donee submits with his return evidence satisfactory to the commissioner showing the basis to the last preceding owner who acquired the property other than by gift.

Mr. WALSH. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the last word.

Mr. WALSH. I would like to ask the gentleman from Iowa if he will explain what the language means in lines 12, 13, and 14, "evidence satisfactory to the commissioner showing the basis to the last preceding owner who acquired the property other than by gift." The basis of what?

Mr. GREEN of Iowa. The basis for ascertaining the gain or loss. In other words, that would mean, in connection with the other provisions of the law, the original cost of the property in the hands of the donor.

Mr. WALSH. The language says "showing the basis to the last preceding owner."

Mr. GREEN of Iowa. The word "basis" has a definite meaning in the law. It is used, as the gentleman from Massachusetts will observe, in subdivision (3) and also in the very first paragraph.

Mr. WALSH. Yes; I appreciate that, but I am not familiar with this law, and I am unable to make any sense out of this subparagraph. It says:

(4) In the case of the sale or exchange of property acquired by gift, the entire amount received therefor shall be included in the gross income of the donee, unless the donee submits with his return evidence satisfactory to the commissioner showing the basis to the last preceding owner who acquired the property other than by gift.

I do not think "evidence satisfactory to the commissioner showing the basis to the last preceding owner" makes any sense, and I should like to have the gentleman explain it.

Mr. LONGWORTH. The gentleman will observe that in the paragraph preceding that the word "basis" is used in the same sense.

Mr. WALSH. Yes; I notice that, but this says:

Showing the basis to the last preceding owner.

Now, there was not any basis to the last preceding owner.

Mr. GREEN of Iowa. I do not understand the difficulty in which my friend from Massachusetts finds himself. The word "basis" means the test for profit or loss, as the case may be.

Mr. LONGWORTH. For ascertainment.

Mr. GREEN of Iowa. And it is used in this bill and used all through the law in that sense.

Mr. GRAHAM of Pennsylvania. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. GRAHAM of Pennsylvania. Along the line of the criticism, would it not help the paragraph if the word "basis" were omitted and the words "market or actual value to the last preceding owner" were substituted?

Mr. GREEN of Iowa. No. That would entirely change the effect of the section. It is not necessarily even the original cost, although in most cases it would be the original cost. It is the original cost to the donor if acquired since March 1, 1913. Otherwise it is the value of the property March 1, 1913.

Mr. GRAHAM of Pennsylvania. Let me ask another question, if the gentleman will permit: Do you mean to tax the total amount of the property as income that is acquired by gift, devise, or descent?

Mr. GREEN of Iowa. No; this provision will only tax the difference between its original cost to the donor and the selling price if the donee sells it.

Mr. GRAHAM of Pennsylvania. But ought not that to be limited to its value at the time the devise, gift, and so forth, took effect?

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WALSH. I ask for three minutes additional.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to proceed for three additional minutes. Is there objection?

There was no objection.

Mr. WALSH. I yield to the gentleman from Iowa [Mr. GREEN].

Mr. GREEN of Iowa. If my friend from Pennsylvania [Mr. GRAHAM] will reflect for a moment, he will see that if it was made the value at the time the donee got it, we would simply come right back to the situation that we are in under the present law, and no profit would be taxed.

Mr. GRAHAM of Pennsylvania. If you will pardon me, not exactly in the same situation. If you relate to the cost to the original party, the dead man, why it may have been say \$5,000, but during the years that he held it it may have grown in value until it was worth \$10,000, and at the time of the devolution of the estate to the recipient, you are going to tax what? He makes a sale. Are you going to tax the difference between \$5,000 and the price he got for it, or \$10,000 and the price he got for it? That is the difficulty in my mind.

Mr. GREEN of Iowa. In the case of property acquired by gift, we are going to put the donee in the shoes of the donor. In the case of property acquired by bequest or descent, we do not change the present law.

Mr. SNELL. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. SNELL. I will ask the gentleman if he expects to pass this bill to-night?

Mr. GREEN of Iowa. That is my great desire.

Mr. SNELL. If not, it seems to me it is time to adjourn.

Mr. WALSH. Will the gentleman from Iowa permit a suggestion? Would it not clear up that language, and would it affect it at all seriously, if instead of the word "to" after the word "basis" you substituted the words "in the hands of," so that it would read:

Showing the basis in the hands of the last preceding owner.

Would not that clarify that language?

Mr. GREEN of Iowa. I do not see any harm in that, if the gentleman wants to make that change.

Mr. WALSH. I think that would clarify it—

Showing the basis in the hands of the last preceding owner.

Mr. GREEN of Iowa. Mr. Chairman, I have no objection to that.

Mr. WALSH. Then I offer an amendment in line 13, page 2, to strike out the word "to," after the word "basis," and to insert the words "in the hands of."

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WALSH: Page 2, line 13, after the word "basis," strike out the word "to" and insert in lieu thereof the words "in the hands of."

Mr. WALSH. That would make the reading as follows:

Showing the basis in the hands of the last preceding owner who acquired the property other than by gift.

Mr. GREEN of Iowa. Mr. Chairman, I have no objection, and I think the committee has no objection.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk proceeded with the reading of the bill.

Mr. GRAHAM of Pennsylvania (interrupting the reading). Mr. Chairman, I was on the floor and addressed the Chair with reference to subparagraph (4), as to which I desire to make a motion.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I move to strike out paragraph (4), in order that I may have a chance to gain an understanding of the language, for certainly to my mind it is not quite clear. It does not carry with it an expression which indicates what the intention of the law is. The word "basis," that has been criticized by the gentleman from Massachusetts [Mr. WALSH] is ambiguous in itself. What does it mean? What basis? The gentleman from Iowa, in arguing the matter, said we want to get the cost in the hands of the original owner. Are you going to tax the difference between the cost to the testator whose will is being executed and the amount that the devisee gets for it when he sells it? If that is so, it is not fair nor right. The difference between what the value of the property was at the time the devise takes effect and the price for which it is sold might be taxable as income received by the heir, and any other disposition or attempt, no matter whether it is called income or not, would in my judgment be unconstitutional, because the only power given to this Congress to tax directly is to tax income, and you can not make fictitious income in that way. That was no income to this devisee. You may tax the income between that property in the hands of the testator when it is devised and the price at which it is sold by the devisee.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Pennsylvania. Yes.

Mr. GREEN of Iowa. The gentleman is usually so careful and accurate that I am surprised at the statement that he is making. We could tax this whole gift, every cent of it, as income if we desired to, yet the gentleman tells us that we can not take part of it.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I have ventured to express an opinion, to which I adhere. I question your right to tax a gift as income under the amendment to the Constitution by which alone you are permitted as a National Government to tax income. I withdraw the pro forma amendment.

Mr. GREEN of Iowa. Mr. Chairman, the trouble with my friend—and it is not at all surprising—is that this matter is

extremely technical, and one needs to be quite familiar with the revenue law. As Members of the House will observe, we started out in this bill with a heading, "Basis for determining gain or loss." Then we define what that basis shall be, and fix the meaning of the word. After that we continue to use the term "basis," having reference to the meaning prescribed in the previous paragraphs. Obviously, the term "basis" would not be definite by itself. For its meaning we must go back to the definition that we have given it in the beginning of the bill.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. GRAHAM of Pennsylvania. I want to know what the intention of the law is?

The CHAIRMAN. The Chair would suggest that the amendment of the gentleman from Pennsylvania was withdrawn.

Mr. GREEN of Iowa. Then I move to strike out the last word, for the purpose of answering the gentleman.

Mr. GRAHAM of Pennsylvania. We are proceeding rather informally anyway.

Mr. GREEN of Iowa. I beg the gentleman's pardon. He asked a question that I failed to answer. The purpose of the bill is to take the profits which are made when the gifts are sold just the same as we take the profits if the donee had kept the property and sold it.

Mr. SABATH. Is not that due to the fact that the gifts are fictitious?

Mr. GRAHAM of Pennsylvania. What is to be the thing subtracted from the price that the man receives? This thing called the basis, is it to be the value of the property at the time the bequest was made to this person, or is it the difference between the selling price and the cost to the testator?

Mr. GREEN of Iowa. I hope my friend will not keep mixing gifts with bequests, because there is no tax in case of bequests. The basis for gifts will be as stated on page 1, in case the property was acquired before March 1, 1913—the appraised value of that property in the hands of the donor.

Mr. PARRISH. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. There is an amendment on the desk offered by the gentleman from Iowa, which the Clerk will report.

The Clerk read as follows:

Page 2, line 15, after the word "acquired," insert "after February 28, 1913."

Mr. GREEN of Iowa. That is simply for the purpose of making the language a little more clear.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

Mr. PARRISH. Mr. Chairman, I was on my feet asking for recognition at the time the committee was considering paragraph 4 of the bill, and I want to ask the gentleman in charge of the bill concerning paragraph 4. I am not quite satisfied with that provision.

The CHAIRMAN. Does the gentleman from Texas rise in opposition to the amendment of the gentleman from Iowa?

Mr. PARRISH. Yes; in order that I may ask a question about the preceding paragraph. If I understand the provisions of paragraph 4, if A buys a piece of land to-day at \$10 an acre, and in six months from that time its value has increased to \$100 an acre, and he then gives it to his son, and the son sells it shortly thereafter, the son has got to account as income for the difference between the price the parent paid for it and what the son sold it for; in other words, \$90 an acre.

Mr. GREEN of Iowa. Yes; and we think that is absolutely fair; otherwise it would be easy for the income-tax provision to be evaded. The gentleman is correct.

Mr. PARRISH. Does not the gentleman think that that provision should be changed as far as the sale of real estate is concerned; and does he not think we should permit the department to determine the good faith of the gift instead of passing legislation which even if we have the right to pass it will prevent a man giving property to his children in good faith?

Mr. GREEN of Iowa. This is a question of profit on gifts, and the information of the committee is that the transfer is often made, not in good faith, but to evade the income tax. If the donor kept the property and sold it himself and then turned the cash over to his son he would have to pay the income tax upon it.

Mr. PARRISH. That is true, but we are undertaking to pass legislation so that the man can only give cash and could not give land.

Mr. GREEN of Iowa. We are undertaking to say that a man shall not use the liberal provisions in the income tax law



which places no tax upon a gift for the purpose of evading his income tax.

Mr. PARRISH. But the Ways and Means Committee still intend that a bona fide gift is not taxable.

Mr. FORDNEY. Let me say to the gentleman, suppose the father gave to his son a piece of property; the son is placed in his father's shoes as far as the profits in that property is concerned. Suppose I want to give my son a piece of property which I may have purchased in times past. If I sold the property I would have to pay the income tax. We felt that it was fair that the son should pay the same tax that the father would have paid if he had sold it and not given the property to his son.

Mr. PARRISH. That is simply saying that the father can not give the son a gift of land.

Mr. FORDNEY. Not at all; he could give the land to the son, but whatever profit there may have been in that for the father over and above the price he paid for it, the son must pay the tax that the father would have had to pay. By giving it to the son we thought it only fair that the son should be placed in the father's shoes when he came to dispose of it. Suppose I bought a piece of property for \$10,000 and gave it to my son to-day and it is sold for \$15,000. The difference between the cost price and the selling price is profit. If I retained it I would pay a tax on the \$5,000, and if my son sells it at the same price he ought to pay the same tax on it that I would have paid.

Mr. PARRISH. I see the point of the committee, but I am taking issue, as far as I am concerned, with the justice of this provision so far as it relates to a gift. I believe if A gives B, his son, a piece of land, and if B holds it for five years and sells it, if it is a gift to his son the son ought to get it as of value of the date he received it. If he sold it the next day it is no matter, there is no income; but if he sold it in five years and there was an income or an increase of value that he ought to pay on that income.

Mr. FORDNEY. Right there, if the gentleman pleases.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. I ask that the gentleman have one minute more.

The CHAIRMAN. The gentleman from Michigan asks that the gentleman from Texas have an additional minute. Is there objection? [After a pause.] The Chair hears none.

Mr. FORDNEY. Under existing law property acquired prior to March 1, 1913, can be valued as of March 1, 1913. Now, if it is sold at any date subsequent to that date the difference between the value of March 1, 1913, and the value of the property obtained would be profit, and so if the father conveyed to his son a piece of property he must then obtain the value of that property at the date it was given to him or the date of March 1, 1913. It does not change existing law and it does not make the son pay any tax on profits the father would not have paid had he retained and sold the property the same as the son. It does not change existing law at all.

Mr. PARRISH. No; I see it does not change existing law, but it looks to me as if it denies the father the right to give to the son land free as of date of the gift.

Mr. FORDNEY. Well, it does, except that whatever profit there is pays a tax.

The CHAIRMAN. The time of the gentleman has expired. The question is upon the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

(c) In the case of stock dividends paid after February 28, 1913, the cost to the taxpayer of each share of old and new stock shall be the cost of the old shares of stock (or the market price or value thereof as of March 1, 1913, if acquired prior thereto) divided by the total number of old and new shares of stock: *Provided*, That in cases in which the old and new shares of stock differ materially in character or preference, the cost of the old shares of stock (or the market price or value thereof as of March 1, 1913, if acquired prior thereto) shall be apportioned between the old and new shares of stock as nearly as may be in proportion to the respective values of each at the time the new shares of stock were acquired.

Mr. WALSH. Mr. Chairman, I move to strike out the last word. Can the gentleman from Iowa just give a simple explanation of how this is going to work? Is this made necessary by the decision of the Supreme Court?

Mr. GREEN of Iowa. No; this has no reference whatever to that matter. This is simply a Treasury regulation that has been in force for some time, and it was thought it better be made a matter of law. I can perhaps explain that by a simple illustration: Suppose a person had 10 shares of stock in a certain company that cost him a thousand dollars. The company issues a stock dividend of 10 more shares, so he has 20 shares. Then of those 20 shares he sells 5 shares. The tax does not apply until some of this stock is sold. Now, the question for

the Treasury is to determine what would be the basis for that 5 shares. He now has 20 shares that cost him \$1,000 to begin with, so we apply this provision you see beginning at the bottom of page 2, which reads, "the cost of the old shares of stock divided by the total number of old and new shares of stock" to ascertain the cost per share. Dividing \$1,000 by 20, we find the cost of the stock would be estimated at \$50 a share. Then, if he sold those 5 shares for \$75 a share, he would be taxed on \$25 profit per share.

Mr. CRAMTON. Mr. Chairman, I think it is manifest that the gentleman can not complete his bill to-night with so extensive a discussion—

Mr. GREEN of Iowa. I am trying to get along as fast as I can. I hope my friend will let us work for some time.

Mr. CRAMTON. But the gentleman can not possibly complete his bill.

Mr. GREEN of Iowa. I have got as many people here as I could, get to stay and listen to anything so technical as this matter is—

Mr. WALSH. And the gentleman deferred his explanation of these paragraphs until under the five-minute rule.

Mr. GREEN of Iowa. I did so because I was obliged to do so, as I did not give any time to this side.

Mr. BLACK. Mr. Chairman—

Mr. CRAMTON. Mr. Chairman, I make the point of order that there is no quorum present.

Mr. GREEN of Iowa. I hope my friend will not do that. Let us proceed until 6 o'clock, and if the gentleman wants to get away by the 5th of June I think—

The CHAIRMAN. The gentleman from Michigan makes the point of order that there is no quorum present. The Chair will count. [After counting.] Thirty-six gentlemen are present, not a quorum.

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. REAVIS, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill H. R. 14198, had come to no resolution thereon.

OFFICIAL RESIDENCE FOR AMBASSADOR IN LONDON (H. DOC. NO. 793).

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

*To the Senate and House of Representatives:*

I transmit, for your consideration, a report from the Secretary of State announcing that Mr. J. Pierpont Morgan, of New York City, offers to the Government of the United States, as a gift to the Nation for use by the ambassador of the United States in London as an official residence, the house property situated in that city known as Nos. 13 and 14 Prince's Gate, Hyde Park.

The attention of the Congress is invited to Mr. Morgan's statement that the house is now vacant and that consequently he would be glad to learn, as soon as possible, whether the Government of the United States will be disposed to accept his offer.

WOODROW WILSON.

THE WHITE HOUSE,

25 May, 1920.

LEAVE OF ABSENCE.

Mr. MANSFIELD, by unanimous consent, was granted leave of absence, indefinitely, on account of illness.

EXTENSION OF REMARKS.

Mr. MACGREGOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on postal salaries.

The SPEAKER. Is there objection?

Mr. BLACK. Mr. Speaker, reserving the right to object, are these the gentleman's own remarks?

Mr. MACGREGOR. They are, absolutely.

The SPEAKER. The Chair hears no objection.

HOURLY MEETING TO-MORROW.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns this evening it adjourn to meet at 11 o'clock to-morrow. I make this request because of the fact that the Committee on the Merchant Marine and Fisheries, which has business before the House to-morrow, has a number of rather important bills that it is anxious to dispose of, and which I think could be disposed of to-morrow if we could meet early and the legislation proceeded with without much interruption.

Mr. CLARK of Missouri. Will the gentleman yield?

Mr. MONDELL. If the gentleman will allow me just a word further I will.

Mr. Speaker, on to-morrow, unless in the meantime there shall seem to be a good deal of opposition to it, I shall submit a unanimous-consent request that the House meet at 11 o'clock from now on.

Mr. CLARK of Missouri. Now, I am not going to raise any fuss about meeting at 11 o'clock from now on—

Mr. MONDELL. I shall not submit that request now.

Mr. CLARK of Missouri (continuing). If the gentleman will give some assurance or statement as to when the House is going to adjourn or take a recess.

Mr. MONDELL. I have said repeatedly that I hoped the House would adjourn on the 5th of June. I am still of the opinion that Congress should adjourn, and I am still hopeful that the Congress will adjourn, on the 5th of June.

Mr. CLARK of Missouri. To-morrow is Calendar Wednesday. Are these bills to be disposed of on Calendar Wednesday?

Mr. MONDELL. They are.

Mr. SABATH. That committee is going to be reached?

Mr. MONDELL. Yes.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

Mr. WALSH. Reserving the right to object, is it the gentleman's expectation that the Committee on the Merchant Marine and Fisheries will be able to pass more than one of its bills to-morrow?

Mr. MONDELL. I hope so.

Mr. WALSH. Does the gentleman know that one of the bills that it is proposed to take up is one in reference to the claims of the wood-ship builders?

Mr. MONDELL. Yes; I think the committee intends to bring that bill up; that it is the first bill they intend to present. Of course, it may take the entire day.

Mr. WALSH. I have no objection.

Mr. GOOD. Will the gentleman yield for a question?

Mr. WALSH. I have no objection to the request.

Mr. GOOD. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. GOOD. The conference committee on the budget have agreed unanimously. The report will be taken up in the Senate first, and probably to-morrow.

Mr. MONDELL. If the gentleman will yield a moment. Did the Chair submit my request?

The SPEAKER. Not yet.

Mr. GOOD. Just wait. There is a resolution pending to change the rules of the House, and I am very anxious to have that matter considered, and I wanted to ask the gentleman whether or not we might not take up that resolution on Thursday morning—and by that time I think the conference report will be back to the House—and take the day with that program. We have now a deficiency bill, and that will have to go to conference, and the sundry civil bill will have to go to conference. I am anxious to be in as many places at the same time as possible, but I can not very well be in more than one at a time.

Mr. MONDELL. I am sure we would all like to accommodate the gentleman from Iowa, but it does not seem to me entirely logical we should take up the resolution to which he refers until we have adopted the budget, and, of course, we shall not have adopted the budget until we have agreed to the conference report.

Mr. GOOD. I think we will be able to act upon that on Thursday, and I know that some of the Members who are opposed to that ought to know when it is coming up.

Mr. MONDELL. I think everyone should realize that the budget report will be taken up as soon as possible after it is agreed to and filed.

Mr. GOOD. Will the gentleman have any objection to an arrangement whereby the resolution that is pending, changing the rules of the House, may be taken up for consideration immediately following the consideration of the conference report on the budget?

Mr. CLARK of Missouri. Mr. Speaker, I would like to ask the gentleman a question. What changes do you propose in the rules?

Mr. GOOD. The Select Committee on the Budget has reported a resolution changing the rules of the House by providing for one Committee on Appropriations of 35 members and providing that other committees that now have authority to report out appropriation bills shall not have such authority.

Mr. CLARK of Missouri. About how long does the gentleman think it will take to pass that change of the rules?

Mr. GOOD. It ought not to take long. The Democratic national convention unanimously placed that in their platform.

Mr. CLARK of Missouri. It does not make any difference what the Democratic national convention placed in the platform. Seven times 21 is 147. You have got that many to fight to start on. How many they will pick up in the scrimmage I do not know.

Mr. GOOD. I do not think they are going to pick up very many. I think the gentleman's side of the House is practically a unit for this change in the rules.

Mr. MONDELL. Mr. Speaker, I do not believe I am justified at this time in giving any assurance in regard to so important a matter. We want to dispose of the budget conference report as soon as it is in, and then we will have to consider these other important matters. There are quite a number of them.

Mr. SABATH. For instance, the bonus bill.

Mr. CLARK of Missouri. Do not mention that.

Mr. McARTHUR. Have a heart. [Laughter.]

Mr. MONDELL. Will the Chair please submit my unanimous-consent request?

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-day it adjourn until 11 o'clock to-morrow morning. Is there objection?

There was no objection.

#### ORDER OF BUSINESS.

Mr. CLARK of Missouri. Mr. Speaker, if the House will permit me for about a minute and a half, this extreme change that the gentleman from Iowa [Mr. Good] is talking about in the rules of the House ought not to be passed here in jig time.

Mr. GOOD. I agree with the gentleman. That is why I—

Mr. CLARK of Missouri. It is a revolutionary proposition. I do not say whether I am for or against it.

Mr. GOOD. I do not think it is a revolutionary proposition, but I do think, with the gentleman from Missouri, that Members of the House ought to have a little notice of it in time to be here when the matter comes up. We can just as well agree as to when that matter shall come up. I am ready to bring it up at any time if I can get an agreement to bring it up.

I ask unanimous consent, Mr. Speaker, that that resolution may be in order on Thursday.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the resolution referred to be in order on Thursday. Is there objection?

Mr. CLARK of Missouri. Unless the gentleman gives assurance that there will be reasonable time for discussion of it I shall object. If he will give that assurance, I will not object.

Mr. GOOD. I will say to the gentleman that I think that one day should be given to that matter and free opportunity given to discuss and amend it.

Mr. McARTHUR. Reserving the right to object, Mr. Speaker, does the gentleman propose to call this resolution up before he calls up the conference report on the budget?

Mr. GOOD. The conference report on the budget has been unanimously agreed to. I think it will meet with the unanimous approval of the House, and I hope to call it up at that time.

Mr. McARTHUR. Is it the intention to call up the conference report on the budget before the gentleman calls up the resolution?

Mr. GOOD. Yes.

Mr. GARRETT. Mr. Speaker, if I may, I would like to make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARRETT. Is not that privileged?

Mr. GOOD. I think not.

The SPEAKER. The Chair has not considered that question, and would not like to rule on it without considering it.

Mr. GARRETT. Of course, there was a question about the jurisdiction. I think it was very properly referred to the gentleman's committee. I have no objection to that. If it would come from the Committee on Rules, of course, it would be privileged, and the wonder in my mind was whether, having been referred to the Committee on the Budget, that reference carried with it the privileged atmosphere that it would have if it had been referred to the Committee on Rules.

The SPEAKER. The Chair would say offhand that it was not privileged, but the Chair would not wish to be bound by that.

Mr. MONDELL. Mr. Speaker, the matter referred to is so important that it does not seem to me that we would be justified, with so few Members present, in agreeing to the gentleman's request. I think it would be hardly fair, in view of the importance of the matter presented, to allow a request of that kind to be granted.

Mr. GOOD. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.



Mr. GOOD. I think the gentleman will consider the position that I have been placed in in the matter, with so many things crowding when we are trying to complete the work and realize the necessity of having some arrangement as to how some of these things are to be disposed of in some order. I must have a little time in which to arrange these bills that I must present, and if Thursday is not agreeable, or if the gentleman then has anything else on hand, I ask that he suggest Friday or Saturday, so that the day may be fixed definitely.

I do not care to take advantage of anyone with regard to this measure. It is a measure that every Member of the House is interested in. I think the country is interested in it, and I do not want to call up this resolution and have some one come on the floor and say that we have taken snap judgment on him; because it is of such vital importance, as the gentleman from Missouri [Mr. CLARK] has well expressed it, that we ought to have every opportunity to discuss it, and I think we ought to have an opportunity to know a little while in advance when the matter is going to be brought up.

Mr. CLARK of Missouri. I think that is all right, but I want to ask the gentleman if he is not getting the cart before the horse in undertaking to pass this resolution changing the rules, which goes to the subject of the budget, before he gets the budget? I have no doubt he will get it.

Mr. GOOD. No; it would apply with equal force if we had no budget at all. The resolution changes the rules, and would be applicable under the present plan of appropriations.

Mr. CLARK of Missouri. You could not get it through the House to save your life unless this budget business was intended.

Mr. GOOD. I think the budget bill will be passed by that time.

Mr. MONDELL. Mr. Speaker, this is a matter of very great importance, and I have never assumed the responsibility of fixing the order of procedure in the House without consulting the Members of the House quite generally.

Mr. GOOD. Oh, I have never been consulted about any of these arrangements, as far as that is concerned.

Mr. MONDELL. The gentleman from Iowa has been very frequently consulted, as he knows, and very great pains have been taken to give him the right of way, as he was entitled to it when his bills were ready.

Mr. GOOD. Will the gentleman then agree to Friday or Saturday?

Mr. MONDELL. I do not feel at this time, without having the matter considered at all by the Members who are interested, that I would be justified in fixing any time.

Mr. RANDALL of California. Regular order!

The SPEAKER. The regular order is, Is there objection to the request of the gentleman from Iowa?

Mr. MONDELL. I am compelled to object.

Mr. GOOD. I then make the same request that Friday be set aside as the day for consideration of that resolution.

The SPEAKER. The gentleman asks unanimous consent that Friday be set aside.

Mr. MONDELL. Mr. Speaker, for the present I shall have to object to any such request.

Mr. GOOD. Then I ask that Saturday be set aside.

Mr. MONDELL. I shall object, Mr. Speaker, to the fixing of any date at this time.

Mr. PARRISH. Was the request agreed to that the House meet at 11 o'clock to-morrow?

The SPEAKER. Yes; that was agreed to.

#### SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees as indicated below:

S. 1223. An act for the relief of the owner of the steamer *Mayflower* and for the relief of passengers on board said steamer; to the Committee on Claims.

S. 3461. An act to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii; to the Committee on Territories.

S. 4332. An act to exchange the present Federal building and site at Gastonia, N. C., for a new site and building; to the Committee on Public Buildings and Grounds.

S. 3763. An act regulating the disposition of lands formerly embraced in the grants to the Oregon & California Railroad Co. and Coos Bay Wagon Road Co.; to the Committee on the Public Lands.

#### ADJOURNMENT.

Mr. MONDELL. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 56 minutes p. m.) the House adjourned until Wednesday, May 26, 1920, at 11 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury transmitting an estimate of appropriation required by the War Department during the fiscal year 1921, "Modification and readjustment of contracts, rivers and harbors improvement" (H. Doc. No. 792), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. DENISON, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 14150) to authorize the construction of a bridge across the Rock River, in Lee County, State of Illinois, at or near the city of Dixon, in said county, reported the same without amendment, accompanied by a report (No. 1036), which said bill and report were referred to the House Calendar.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on the Public Lands was discharged from the consideration of the bill (S. 3995) providing for the relinquishment of certain described property by the United States to the city and county of San Francisco, State of California, and the same was referred to the Committee on Public Buildings and Grounds.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

Mr. SMITH of Idaho: A bill (H. R. 14222) to authorize the addition of certain lands to the Cache National Forest; to the Committee on the Public Lands.

By Mr. MONAHAN of Wisconsin: A bill (H. R. 14223) to revise and amend section 853 of the Revised Statutes of the United States of 1878; to the Committee on the Judiciary.

By Mr. SINNOTT: A bill (H. R. 14224) to add certain lands to the Whitman National Forest in the State of Oregon; to the Committee on the Public Lands.

By Mr. BAER: A bill (H. R. 14225) granting the consent of Congress to the counties of Pembina, N. Dak., and Kittson, Minn., to construct a bridge across the Red River of the North at or near the city of Pembina, N. Dak.; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITE of Kansas: A bill (H. R. 14226) authorizing and directing the Secretary of War to donate to the city of Ellis, Kans., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. GRIFFIN: Joint resolution (H. J. Res. 362) authorizing the Postmaster General to allow and pay to the employees of the Postal Service a flat increase of 25 per cent on all salaries, pending report of Joint Congressional Post Office Salaries Re-classification Commission and legislation carrying same into effect; to the Committee on the Post Office and Post Roads.

By Mr. RAKER: Memorial of the Legislature of the State of New Jersey in furtherance of the development of good roads throughout the United States; to the Committee on Roads.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGG: A bill (H. R. 14227) granting an increase of pension to David B. Cox; to the Committee on Pensions.

By Mr. CROWTHER: A bill (H. R. 14228) for the relief of Ada P. Sack; to the Committee on Claims.

Also, a bill (H. R. 14229) granting an increase of pension to Alfred Ashton; to the Committee on Pensions.

By Mr. HUSTED: A bill (H. R. 14230) granting a pension to Eleanor W. Massey; to the Committee on Pensions.

By Mr. KAHN: A bill (H. R. 14231) granting an increase of pension to Eliza Hilbisch; to the Committee on Pensions.

By Mr. MCKENZIE: A bill (H. R. 14232) granting a pension to Florence J. Atchison; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN of Nebraska: A bill (H. R. 14233) granting a pension to Laura E. Gardner; to the Committee on Pensions.

By Mr. MURPHY: A bill (H. R. 14234) for the relief of Rudolph W. Archer; to the Committee on Claims.

By Mr. OLNEY: A bill (H. R. 14235) granting a pension to Helen M. Gross; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14236) granting an increase of pension to Nicholas Brady; to the Committee on Invalid Pensions.

By Mr. SHREVE: A bill (H. R. 14237) granting a pension to Ella M. Fall; to the Committee on Invalid Pensions.

By Mr. STEPHENS of Ohio: A bill (H. R. 14238) for the relief of Alexander J. Mitchell; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3872. By the SPEAKER (by request): Petition of Kiwanis Club, of Washington, favoring the granting to teachers in the District of Columbia of a bonus of at least \$500 for the year ending June 30, 1920; to the Committee on the District of Columbia.

3873. By Mr. CROWTHER: Petition of numerous residents of Delanson, N. Y., urging immediate enactment of House bill 262; to the Committee on Interstate and Foreign Commerce.

3874. Also, petition of board of directors of the Schenectady (N. Y.) Board of Trade, urging the repeal of the excess profits and certain other taxes imposed under the revenue act of 1918; to the Committee on Ways and Means.

3875. By Mr. DYER: Petition of E. Lowitz & Co., of St. Louis, Mo., protesting against proposed tax on stock transactions; to the Committee on Ways and Means.

3876. Also, petition of Central Coal & Coke Co., of Kansas City, Mo., opposing passage of Senate bill 4278; to the Committee on Interstate and Foreign Commerce.

3877. Also, petition of Ashgrove Lime & Portland Cement Co., of Kansas City, Mo., favoring legislation prohibiting interference with interstate commerce; to the Committee on the Judiciary.

3878. Also, petition of Ben Franklin Club, of St. Louis, Mo., protesting against proposed tax on advertising; to the Committee on Ways and Means.

3879. Also, petition of Future City Lodge, No. 1, and the United Garment Makers' Union of America, favoring amnesty to political prisoners; to the Committee on the Judiciary.

3880. By Mr. EDMONDS: Petition of the Philadelphia Real Estate Board, protesting against the passage of House bill 12397; to the Committee on Ways and Means.

3881. By Mr. FULLER of Illinois: Petition of E. A. Clarke, of Rockford, Ill., protesting against the provision of the soldiers' bonus bill imposing a tax on sales of stocks, bonds, and other investment securities, and Holcomb Dutton Lumber Co., of Sycamore, Ill., and others opposing the tax on sales; to the Committee on Ways and Means.

3882. Also, petition of National Implement and Vehicle Association, of Chicago, Ill., concerning House bill 3223; to the Committee on Patents.

3883. Also, petition of the smaller packers of the United States, concerning legislation for Government control of the packing industry; to the Committee on Interstate and Foreign Commerce.

3884. By Mr. GALLIVAN: Petition of National Federation of Employees, of Springfield, Mass., favoring continuation of work of reclassifying salaries of Government employees; to the Committee on Appropriations.

3885. Also, petition of Roxbury Post and Boston Fire Department Post, American Legion, favoring bonus legislation; to the Committee on Ways and Means.

3886. Also, four petitions of citizens of Boston, Mass., favoring increase of salaries for postal employees; to the Committee on the Post Office and Post Roads.

3887. By Mr. HUDSPETH: Petition of Commodore John Barry Branch, Friends of Irish Freedom, of El Paso, Tex., favoring the passage of House bill 3404; to the Committee on Foreign Affairs.

3888. By Mr. McDUFFIE: Petition of Dixie Fruit Products Corporation, of Mobile, Ala., urging relief for the perishable food industries of the South by supplying freight cars immediately; to the Committee on Interstate and Foreign Commerce.

3889. By Mr. O'CONNELL: Petition of Architectural and Ornamental Iron and Bronze Workers' Union of New York City, favoring amnesty for political prisoners; to the Committee on the Judiciary.

3890. By Mr. RAKER: Petition of Aaron Sapiro, of San Francisco, Calif., counsel for the California Prune and Apricot Growers' Association, urging support of the Volstead-Capper bill; to the Committee on the Judiciary.

3891. Also, petition of Los Angeles Lodge, No. 311, International Association of Machinists, urging support of Senate joint

resolution 171 and Senate bill 1233; to the Committee on the Judiciary.

3892. Also, petition of United National Association, Branch 214, National Association, and Local No. 2, National Federation of Post Office Clerks and Letter Carriers of San Francisco, Calif., urging early and favorable action by Congress on relief for postal employees; to the Committee on the Post Office and Post Roads.

3893. By Mr. SANDERS of New York: Petition of Mrs. S. T. Lyke and 120 other residents of Arcade, N. Y., urging the passage of House bill 10925, offering the aid of the National Government to any State that will join in maternal and infant welfare work; to the Committee on Interstate and Foreign Commerce.

3894. By Mr. VARE: Petition of Philadelphia Board of Trade, demanding divorcement of Department of Labor from the handling of cases pertaining to undesirable aliens; to the Committee on Immigration and Naturalization.

3895. By Mr. WILSON of Pennsylvania: Petition of ex-servicemen of Pennsylvania, favoring \$500 cash bonus; to the Committee on Ways and Means.

#### SENATE.

WEDNESDAY, May 26, 1920.

(Legislative day of Monday, May 24, 1920.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

#### SUNDRY CIVIL APPROPRIATIONS.

Mr. WARREN. I ask unanimous consent that the unfinished business, so recorded on the calendar, the conference report on House bill 3184, the water power bill, be laid aside, that we may proceed with the sundry civil appropriation bill.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. WARREN. I ask that the Senate proceed to the consideration of House bill 13870, the sundry civil appropriation bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 13870) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1921, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. WARREN. I ask unanimous consent that the formal reading of the bill be dispensed with, and that the bill be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The Reading Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the head of "Treasury Department," subhead "Quarantine stations," on page 5, line 5, after the word "station," to insert "and all other maritime quarantine stations," so as to make the clause read:

The schedule of fees and rates of charges in effect at the New York quarantine station at the time of the transfer of the title thereto to the United States shall be adopted and promulgated by the Secretary of the Treasury as the schedule of fees and rates of charges for the operation of the said station and all other maritime quarantine stations under the jurisdiction of the United States.

Mr. GAY. I wish to make a point of order against that amendment. This is general legislation; it is new. I will state that it is the same amendment that was offered in the House, and a point of order was made against it there.

The VICE PRESIDENT. The House rule and the Senate rule are different.

Mr. GAY. The point of order was sustained by the Chair in the House. The effect of this amendment would be to make all quarantine stations in the country charge the same rates that are charged in New York, where, I understand, the present rates are higher than they are at some other points. I think it would be discriminatory, and I therefore make the point of order against it.

The VICE PRESIDENT. The rule of the Senate and the rule of the House are different. The rule of the House is that no new legislation may be added to an appropriation bill. The rule of the Senate is that no general legislation may be added to an appropriation bill.

Mr. GAY. This is general legislation.

The VICE PRESIDENT. Is there a statute on the subject of fees?

Mr. GAY. There is.